EMERGENCY PUBLIC WORKS BOARD

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HEARING

BEFORE

COMMITTEE ON EDUCATION AND LABOR
UNITED STATES SENATE

SIXTY-FIFTH CONGRESS

THIRD SESSION

ON

S. 5397

A BILL TO PROVIDE FOR THE COMMENCEMENT OR PROSECUTION OF PUBLIC WORKS IN ORDER TO PROVIDE INCREASED OPPORTUNITIES FOR EMPLOYMENT DURING THE PERIOD OF DEMOBILIZATION AND INDUSTRIAL READJUSTMENT, AND FOR OTHER PURPOSES

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COMMITTEE ON EDUCATION AND LABOR.

UNITED STATES SENATE.

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EMERGENCY PUBLIC WORKS BOARD.

WEDNESDAY, JANUARY 29, 1919.

UNITED STATES SENATE,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D. C.

The Committee on Education and Labor met pursuant to call of the chairman, at 10.30 o'clock a. m., in room 201, Senate Office Building, Senator Andrieus A. Jones, presiding.

Present: Senators Jones (acting chairman), Kenyon, and Page.

Also present: Hon. Louis F. Post, Assistant Secretary of Labor; Dudley H. Evans. chief of Community Labor Board, Department of Labor; Frank C. Wight, associate editor of Engineering News Record.

The committee proceeded to consider the bill (S. 5397) to provide for the commencement or prosecution of public works in order to provide increased opportunities for employment during the period of demobilization and industrial readjustment, and for other purposes.

The CHAIRMAN. Gentlemen, we are to consider this morning Senate bill 5397, and it may be put in the record at this point.

(The bill referred to is here printed in the record as follows:)

A BILL To provide for the commencement or prosecution of public works in order to provide increased opportunities for employment during the period of demobilization and industrial readjustment, and for other purposes.

Be it enacted by the senate and House of Representatives of the United States of America in Congress assembled, That there is hereby created a United States Emergency Public Works Board, which shall consist of the Chief of Engineers of the United States Army, an officer of the Department of the Interior designated by the Secretary of the Interior, an officer of the Treasury designated by the Secretary of the Treasury, and two citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. Each of the members appointed by the President shall devote his entire time to the work of the board and shall receive an annual salary of $5,000. Of the members first appointed by the President, one shall be designated by him to serve for two years and one for four years, and thereafter each member appointed by the President shall serve for four years unless sooner removed for cause by the President.

SEC. 2. That the board shall annually elect one of its appointed members as chairman. He shall be the executive officer of the board and shall carry out the rules, regulations, and decisions made and adopted by the board. The board shall also appoint a secretary and such other assistants as may be necessary to carry out the provisions of this act and at such salaries as shall be fixed by the board, subject to the approval of the President.

SEC. 3. That the board shall cooperate with all Federal, State, and municipal agencies intrusted with the execution of any public work and shall endeavor to stabilize industrial and employment conditions during the present period of demobilization and industrial readjustment by providing or stimulating increased opportunities for employment on useful public works during periods of extraordinary unemployment. The board shall endeavor to stimulate the prosecution of public work which will provide employment in the regions where acute unemployment exists or is threatened, and for this purpose the board shall make or cause to be made investigations and reports concerning the plans for authorized public works of the Federal, State, and municipal governments, with an estimate of the amount, char-

acter, and duration of employment and the number of employees which would be provided or required thereby. Every department, office, commission, board, or other agency of the Federal Government shall, within thirty days after this act takes effect, report to the board, in accordance with regulations to be made by the board, all authorized public works the commencement or prosecution of which has been delayed by lack of necessary funds.

SEC. 4. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, or so much thereof as may be necessary, which shall be used by the board as an emergency public works fund. From this fund the board may expend such amounts as it deems necessary or desirable (1) to enable any department, office, board, or other agency of the Federal Government having charge of the construction or execution of any authorized public work for the completion of which the existing appropriation is insufficient to proceed with such work, or (2) to enable the Chief of Engineers of the United States Army to proceed with the construction or repair of roads which the Secretary of War shall certify to the board would be of strategic or military value, or (3) to make advances, under such regulations as the board may prescribe, to enable workers recommended by a United States public employment office to reach the place where any such public work is being carried on, or (4) to pay the salaries and other administrative expenses of the board, including the salaries of its members and other officers and employees.

SEC. 5. That no expenditures from the emergency public works fund shall be made or authorized by the board for the purpose of commencing or continuing any public work unless there has been filed with the board a certificate of the Secretary of Labor stating that he has reason to believe that extraordinary unemployment existin the community or vicinity in which is located the public work for the commencement or prosecution of which such expenditure is to be incurred.

SEC. 6. That allotments from the emergency public works fund shall be made by the board with a view to providing the maximum of public employment in relief of existing or threatened unemployment consistent with the most useful, permanent, and economical extension of the public works of the United States. The expenditure of the sums so alloted by the board and the actual conduct of the work for the commencement or continuance of which the allotment is made shall be under the control and direction of the department, office, commission, board, or other agency of the Federal Government authorized to construct or execute such public work, and in the case of allotments made for the construction or repair of military roads shall be under the control and direction of the War Department. The board may, however, call upon the Chief of Engineers of the Army to inspect the progress of any public work for which it has made an allotment from the fund; and in such case the cost of the inspection may be paid from the fund.

SEC. 7. That the War Finance Corporation shall be empowered and authorized, within the period of one year from the date of the passage of this act, to make advances from time to time, upon such terms as it may prescribe, for periods not exceeding ten years from the respective dates of such advances, and subject to such rules and regulations as may be prescribed by the board of directors of the corporation to any State of the United States whenever the United States Emergency Public Works Board certifies to the board of directors of the corporation that such an advance is necessary to enable the State applying therefor, or any county, municipality, or other political subdivision thereof, to commence or continue the construction of a public work which will relieve actual or threatened unemployment within its border. No such certificate shall be issued by the board unless there has been filed with the board the certificate of the Secretary of Labor described in section five hereof. In no case shall the aggregate amount of the advances made under this section exceed at any one time the sum of $300,000,000. The rate of interest charged on any such advance shall not be less than five per centum. If the public work on account of which an advance is made by the corporation is to be conducted by a county, municipality, or other political subdivision of the State, the application for the advance shall be submitted by and with the approval of the State board of public improvements or other State officer having control or direction of the public works of the State, or by the governor of the State; and the corporation shall make its advance, if any, to the State, and arrange with the financial officers of the State for the application of the amount advanced to the prosecution of the public work for which it is intended. The provisions of the war finance corporation act shall be applicable to advances made under this section, except in so far as they may be inconsistent with the provisions hereof.

SEC. 8. That the Secretary of War is hereby authorized, upon the request of the board, to designate an officer or officers of the Corps of Engineers, United States Army, to pass upon the practicability and usefulness of any State or municipal public work for which an advance is asked from the War Finance Corporation, and

to make such inspection of the progress of such work as the board may deem necessary and appropriate. The Chief of Engineers shall, so far as practicable, cooperate with the State or local officers having in charge the planning, supervising, directing, or executing of any public work for which such advances have been made. All necessary expenses incident to such inspection or cooperation shall, when approved by the board, be paid from the emergency public works fund.

SEC. 9. That any moneys in the emergency public works fund may be used by the board to finance the commencement or completion of any public works of the United States, or any public work being carried on jointly by the United States and a State, which may be hereafter authorized by Congress for execution during the period of demobilization and industrial readjustment. Any appropriation made after the passage of this act for any such public work shall be expended under the supervision of the board, and the department, board, officer, or other Federal agency intrusted with the expenditure of such appropriation shall not proceed with the execution of the work authorized thereby unless the board has certified that such work is located at a point where unemployment exists or is threatened.

SEC. 10. That the board shall make an annual report to Congress of its activities and state in detail the public works for which it has made advances from the emergency public works fund and the respective amounts thereof.

STATEMENT OF MR. LOUIS F. POST, ASSISTANT SECRETARY OF LABOR.

Senator KENYON. Mr. Post, I want to ask your candid opinion as to the situation of unemployment in this country now, whether there is any need for Congress to take any immediate action; and if, in your judgment, there is need to take immediate action, what you recommend? I have introduced a bill in which I have absolutely no pride of opinion at all, the object of which was to create a Bureau of Public Works, an emergency Bureau of Public Works, or emergency Public Works Board. I did not include on that board the Secretary of Labor, because under the bill nothing can be done without a certificate from the Secretary of Labor, and that is the reason that I have not put him on that committee. Can you give us any information, and in that connection we would be glad if you can give the committee your views on the general situation.

Mr. POST. I would like to preface my answer to that question, Senator, by saying as I understood it it was the desire of the committee (and it certainly is mine) to have the Secretary of Labor appear here.

Senator KENYON. He has been asked to come here; yes.

Mr. POST. He told me that he has been asked to come, but that he could not come to-day; and he asked if he could not send me, but I would like to ask the committee, however, to try to make some arrangement by which the Secretary of Labor will appear before it on this very important matter.

Senator KENYON. Do you know when it would be convenient for the Secretary of Labor to come?

Mr. POST. I am not authorized to make any positive arrangement for to-morrow, but any tentative arrangement, subject to his confirmation, for any other time.

Senator KENYON. We will make the arrangements for to-morrow right now.

Mr. POST. In answer to your question, I think I am expressing the opinion of the Secretary, as well as my own opinion, when I say that I believe at no very great distant time we are going to have a very prosperous period. I base that on the history of our past wars, with respect particularly to the period following the Civil War.

We did have hard times after that, you will recall, but it was some six or seven years after the war and was probably the result of the great speculation that took place, but after the Civil War there was almost immediate prosperity. But the war ended at the beginning of the agricultural season, and this war ended early in the winter, and while I believe that we are going to have a period, and probably a long one, of great prosperity, I also believe that for weeks and probably months there will be a very serious period of depression, owing to the difficulty—not to the lack of demand for production—but to the difficulty of readjustment, and I think that we have very marked evidence of the early approach of that interval. The returns from the United States Employment Service, which is in the Labor Bureau, indicate a rapid change toward very bad conditions, and my fear is that unless we have legislation for relief, and substantial relief, during this period of readjustment—unless we have legislation by the present Congress—we are very likely to pass through a terrific period of hard times.

Senator KENYON. Then it is the opinion of the Department of Labor that some relief legislation is necessary?

Mr. POST. I think beyond any question. That is very strongly my own view, and I find it confirmed by the men in the department who come into immediate contact with the service. Here is, for instance, the last report of the United States Employment Service which is making a census, as near as it can be done. Their report for November shows 115 cities reporting, and 29 of those cities then showed a shortage of labor.

Senator KENYON. Senator Page, I had asked Mr. Post the question whether the Labor Department considers that the question of unemployment in this country has reached a point where some emergency legislation is necessary from Congress, and he has addressed himself to that, and says that in his opinion it is necessary.

Mr. POST. First, a general statement; I was showing some of the figures that we have. November 20 the census covered 115 cities, 29 of them showed a shortage of labor and only 12 showed a surplus of labor. The report of January 18, with 122 cities in the census, 18 showed a shortage of labor as against 29 in November and 55 showed a surplus of labor as against 12 in November. That gives you a little idea of the development, but not a complete one.

Senator KENYON. Are those cities of the United States which are industrial centers? Are those great industrial cities in the United States?

Mr. POST. They are industrial cities. Let me say this, Senator, I have brought with me the statistician of the United States Employment Service and you might ask some questions of him in detail, and he is prepared to answer you very directly and completely with reference to all this.

Senator PAGE. Can you tell me what the city of Seattle shows there?

Mr. POST. I will tell you that. It is in here somewhere. I will see if I can turn to it. Seattle shows for the last report, which is January 18, 47 concerns in Seattle reported, with 11,854 employees on January 18. They expected to need 537 men, no gain, by the following week. There was there a surplus of labor supply. The general estimate of surplus was 8,000 and the industrial relations

were acute. I would like to have Mr. Evans answer any of those detail questions.

Senator PAGE. I was prompted to ask that question for the reason that I saw in the paper recently a report of the conditions in regard to Seattle, and that there was an immense strike prevailing there now, in which the demands of the laboring men are $10 for experts and $8 a day for apprentices, and that the present pay was $8 and $6. Now, I was wondering how that could be, that there was a demand for apprentices at that rate and that they struck for $8 and $10 when they were getting $6 and $8. I was wondering on that basis, if there were thousands of men idle in the same city, how that condition could exist. Can you explain that to me, how that happened?

Mr. POST. That was a newspaper report, Senator?

Senator PAGE. Yes.

Mr. POST. Do you know in what paper you saw it?

Senator PAGE. I think it was in the Washington Post.

Mr. POST. I can not explain it.

Senator PAGE. If it were true, how would you explain it?

Mr. POST. Well, Senator, that is a hypothetical question, and I would not want to make an answer to it. I can hardly understand how such a state of affairs could be where there is a surplus of labor, how there could be such a demand for increased wages that could be enforced. Mr. Evans, you are more of an expert than I am. Can you give an answer to that?

Mr. DUDLEY H. EVANS (chief of the community labor board section). I have to do with the compilation of those figures. We get those figures from the community labor boards throughout the United States. The 8,000 surplus in Seattle is caused as follows, according to certain advices we get, because of the returning soldiers, sailors, and war workers, and the demand is made for the increased wages of those who have jobs. These 8,000 men could not fit into the jobs for which the men are attempting to get the wages of $10 or $20 a day, or whatever it is.

Senator PAGE. The word "apprentice" must be a misnomer, because a soldier would fit into an apprentice job as well as a layman.

Mr. EVANS. Yes; provided they really did get so much per day——

Senator PAGE. Are the statements incorrect or correct, in your opinion?

Mr. EVANS. I will say that they are correct, in my opinion. Forty-seven thousand men struck in Seattle in the shipbuilding trades. Those 47,000 men find that there is a scarcity of labor in the shipbuilding, and therefore they think that they can ask for increased pay; but the situation in Seattle with regard to all classes of labor shows a surplus of 8,000. That surplus can not be fitted in the shortage of the shipbuilding trades, because they do not know the shipbuilding industry.

Senator PAGE. And you think it is not an unreasonable demand on the part of the apprentices—I do not know as I can make that broad enough, but I conceive that an apprentice is not fitted to take up expert work, and he wants $8 a day. Is not that an unreasonable demand on his part?

Mr. EVANS. I do not know. I will say that I lived in Seattle a short time, and that I would have been very glad to get $8 a day. I know that many lawyers get less than that.

Senator PAGE. You concede that it is possibly true that apprentices, with no expert knowledge, are striking for $8 a day?

Mr. EVANS. They may be striking for it, but whether or not they should get that is a matter that I have no opinion on at all.

Senator KENYON. Do you mean to have your answer state an affirmation of the proposition that apprentices without any expert knowledge are striking for $8 a day?

Mr. EVANS. I do not know anything about that question at all. I know that 47,000 men were on strike in the Puget Sound shipyards, but I think they have gone back.

Senator KENYON. What were they striking for, a raise of wages or shorter hours?

Mr. EVANS. It simply shows that they are striking; I do not know.

Senator KENYON. And you can not give any information why they were striking, so far as your information goes?

Mr. EVANS. No.

Senator PAGE. My information is obtained from a newspaper item in the Washington Post, I think, saying that apprentices in large numbers have struck for a raise from $6 to $8, and still at the same time there were thousands and thousands of men there who were without opportunity for labor having an equal knowledge. I can hardly reconcile that.

Mr. POST. It may be that the word "apprentice" relates to regularly entered apprentices, men engaged in that work who would know more or less of it, who are under apprenticeship conditions, whereas the surplus are men not in the trade, who are not entered as apprentices, and who would have to go into that trade as common laborers. That may possibly be an explanation, but I know nothing in regard to the matter except that an acute situation exists.

Senator KENYON. If there were no strike on out there, would there be an acute situation?

Mr. EVANS. I may say that on December 10 there was an absolute shortage of labor to the extent of 5,000 in Seattle. That was reduced December 17 to 4,000, and that was reduced December 24 to almost a negligible quantity. December 31 it remained about stationery, at a negligible quantity, but still a shortage. January 7 it went from a shortage to an equality; January 14 there was equality; on January 21 there was the 8,000 surplus.

Senator PAGE. And did you include any of the strikers in that?

Mr. EVANS. No.

Senator KENYON. Then, there is a surplus, regardless of the strike, to that amount??

Mr. EVANS. Yes, sir; there is a surplus, and it has gone from a shortage to a surplus within a period of four or five weeks.

The CHAIRMAN. In what lines of industry did that surplus occur?

Mr. EVANS. It is simply the influx of the unemployed, without any classifications. There apparently has been an influx of 13,000 workers in four or five weeks. That is largely the demobilization from Camp Lewis, so far as the information I get shows.

The CHAIRMAN. Was this strike unsuccessful or was it successful?

Mr. EVANS. I believe that they went back to work as an unsuccessful strike. Seattle had not yet reported when I left the office this morning, and I am anxious to find out just what their telegram is.

Senator PAGE. If Seattle is typical of the country at large, the facts you have given may be important in enabling us to decide upon the necessity for legislation at this time.

Mr. EVANS. Seattle is typical of the entire West and the entire North, but it is not typical of the Southeastern States.

Mr. POST. And bearing upon your question, permit me to explain that the employment service is making a weekly census as complete as possible under the circumstances and in conjunction with the War Industries Board.

Mr. EVANS. Now the War Trade Board?

Mr. POST. This report I hold in my hand is the report for the week ending January 18, with telegraphic supplemental reports for the week ending January 25.

Senator KENYON. How do you get them up?

Mr. POST. I want Mr. Evans to explain that. It is as complete a census as is possible to be taken at the present time with existing facilities, and it is very much in detail, and I will ask Mr. Evans to elucidate this report with special reference to the possible importance of early legislation for temporary relief. Will you do that, Mr. Evans, in your own way, and explain the significance of the report?

Mr. EVANS. First, I think I will go into the mechanics of the preparation of the report. The latter part of November, after the signing of the armistice, the Department of Labor was asked by the War Department and the War Industries Board whether it could furnish the figures for certain industrial centers throughout the United States, which figures would give, first, the detailed numbers of the concerns within the cities reporting; second, the number of men in those concerns upon the pay rolls of the Saturday preceding the making of the report; next, the number which would be on the pay roll the Saturday following the making of the report. From that we make deductions as to the total number of firms reducing their forces and the quantity reduced, and also the total number of firms adding to their forces or remaining stationary, and if adding, the number of men added, and at the end of the report they are asked, "What is the labor situation in regard to a shortage, equality, or surplus; and if possible give an estimate of the shortage, equality, or surplus as it may be." They are also asked the situation in regard to strikes and troubles with the men, and they are to show whether it is fair, everybody concerned; whether there is a possibility of strikes brewing, or whether there really are strikes; and next, whether the trouble, if there is any, can be adjusted locally by the State officials, or whether the United States officials are needed. That is the report. It is compiled in 123 cities throughout the United States, the principal industrial centers, covering practically every State. There are, I should say, nine States which do not report.

The CHAIRMAN. How do you ascertain the labor conditions in industries not coming within the class which you specifically refer to?

Mr. EVANS. The classes include evertyhing in the way of productive industry. We have 15 groups which cover food and their products, textiles and their products, iron and steel and their products, lumber

with its many products, leather with its products, and stone, glass and glass products and miscellaneous, mines and quarries, liquors and beverages, nonferrous metal, and chemicals—I am not sure whether it is 15. I will correct that. Now it does not include banks, department stores, or any of those purely mercantile lines of business, because what we were trying to find out is the absorptive capacity in American industry to-day.

Senator PAGE. As you were passing here, I do not understand that anybody questions the value of these reports that you are giving. I think they are valuable, and I think that we ought to have them, and I think that they ought to be published. On the other hand, I would like, if it were possible, that you give us the part of the labor, that is, the surplus of it being absorbed through the State agencies.

Mr. EVANS. Yes; I will come to that, Senator, in a minute.

Senator PAGE. That seems to be the crucial thing.

Senator KENYON. I think when this matter comes up on the floor of the Senate, there will be some question as to how the statistics were prepared, as to the value of them.

Senator PAGE. I do not see why we ought not to give them credence.

Senator KENYON. Neither do I, but I feel that there will be many on the floor who will want to know how they are prepared.

Senator PAGE. The question is going to be raised as to what has been done and what has been accomplished through State agencies, when we are asked to do it through Federal appropriation. I doubt very much about any actual determination of this matter by Congressional laws at this session.

Senator KENYON. That is why I have asked Mr. Post to come here and have asked the Secretary of Labor to come to-morrow, to determine whether or not it is necessary to do something, and if they show that it is necessary to do something, then we could get some action, I believe.

Senator PAGE. I will say this, so far as my observation goes, for instance, in the State which dominates in the production of granite and marble, which is Vermont, that we find this report is coming to us, that there has been a demand for labor at prices higher than the quarrymen and the granite men and the marble men could pay and conduct a widespread business, but that is being gradually absorbed, as I understand it, in those cases, and it looks as though it would take care of itself, and the State of Vermont will probably bring about such a readjustment as would prevent any serious trouble. I do not think there is any serious trouble in Vermont, and I do not think you will find any there from your report. Now the question is, how much of this can be absorbed by the States, and how much is so far in excess that it can not, and if we are going to have serious difficulty if we do not take care of it.

Mr. POST. Let me say I suggest that when the Secretary of Labor comes here to-morrow that you ask him with reference to that, because steps are to be taken to bring the governors of the States together with reference to this very question, so that the Federal Government may operate in connection with the States in the matter, and I would rather that the Secretary should explain that to you than to undertake to do it myself.

Mr. EVANS. I might add to the list that I have given to you, paper and printing, tobacco manufactures, vehicles for land transportation, and railroad and repair shops. That would cover the industries which are reported to us. There are approximately 50 to 75 concerns reporting in each city. The report is gotten up in what is known as our Community Labor Board at the Department of Labor, which consists of a chairman, who is sworn into the Federal service and represents the United States Government, and a man and a woman representing labor and a man and a woman representing management. They call at the different concerns each week and they ascertain the figures which I have already given. They wire those figures in to us each Tuesday, and they are compiled and sent out by what was formerly the War Industries Board and now is the War Trade Board.

Senator PAGE. Is anything being done in regard to agriculture?

Mr. EVANS. Not yet, on account of this being the winter season.

The CHAIRMAN. How do you get your information as to other lines of activity?

Mr. EVANS. As to banks and mercantile businesses?

The CHAIRMAN. Yes.

Mr. EVANS. We simply figure that they remain stationery and have no real absorbative capacity.

The CHAIRMAN. And do you think that that is a reasonable assumption?

Mr. EVANS. I do.

The CHAIRMAN. I have been under the impression that those concerns have been short of labor during the war, and that they are now absorbing quite a number of people.

Mr. EVANS. We hear from three and a half millions of workers in the United States. That is about 10 per cent of the total nonagricultural workers, and if we find a decrease in that three and a half millions of workers, or if we find an increase in our three and a half million, I think it is safe to assume that the nonreporting industries and firms are showing approximately the same power of absorption or the same diminishing capacity.

Senator PAGE. Now, in that report there, it has been shown that the females have entered into many positions that were occupied by men; do you include the females in this?

Mr. EVANS. We do; we include all workers. We do not differentiate between the males and the females.

Senator PAGE. Is not there an effort going on now to force the females back into their original lines of work and place men in their stead?

Mr. EVANS. I suppose there are efforts, but I do not believe there is any organized effort.

The CHAIRMAN. Have you any data that would indicate the usual surplus of labor; that is, those not employed in normal times?

Mr. EVANS. I am making a study of that just now, Senator, but I have not come to any conclusions. I have been looking up every book on employment, and I have tried to find out what is the normal ratio of unemployed persons, but I have not been able to ascertain that.

Senator PAGE. I think it is very important for you to give us, if you are able to, the normal number of unemployed, so that we can compare it——

Mr. EVANS. I think it would be important for this committee to know the normal unemployment, and also where the danger point is in the ratio of unemployed persons.

The CHAIRMAN. And that you are studying now?

Mr. EVANS. I am trying to find it out; am trying to find data on that subject. The question of whether or not industry to-day can absorb or reabsorb the persons being thrown back into industry, I will say that our reports definitely show from exactly the same cities reporting week by week and the same inspectors making the investigations, that on December 3 there were throughout the United States apparently about 10,000 unemployed persons in these 123 cities.

The CHAIRMAN. Now that decrease in employment, is that brought about because of these industries changing from war activities to peace activities, or what is the reason for it?

Mr. EVANS. You are asking me for my opinion?

The CHAIRMAN. Based on such information as you have; yes, sir.

Mr. EVANS. Part of it is due to the fact that what were considered less essential industries had closed or practically closed during the war, and more of it is due to the fact that the oral contracts had been made with the Government, and the Government is not paying the manufacturer now; that is, the Government is not reimbursing the manufacturer for what he has paid out; some of it is due to the essential war industries which started out as war industries and can not now be utilized in peace times, and some of it is due to the reconversion of the war-time industries to the peace-time footing.

The CHAIRMAN. Well, are the peace-time industries increasing their output?

Mr. EVANS. They are employing—well, I would rather put it in a little different way; that on December 3 it looked as though the industries would absorb 1½ per cent more than they then employed, and they then went down on December 17 to one-fifth of 1 per cent, and that on December 24 it went down to a diminishing of their pay rolls 1¾ per cent, and that now it shows one-fourth or one-fifth of 1 per cent increase.

The CHAIRMAN. So the nonwar activities are gradually increasing, then?

Mr. EVANS. With exceeding slowness.

The CHAIRMAN. Yes.

Mr. EVANS. That is, it is failing to diminish at the present time?

Mr. POST. You have a diagram of the results so far obtained. Will you explain that diagram, please?

Mr. EVANS. I was just going to say that the telegrams which came in yesterday, however, show a decided diminishing effect in industry this week. This information is based upon a report from only 60 of the cities, the others not having come in.

Senator KENYON. That is, the surplus labor is increasing?

Mr. EVANS. No; I would say that the firms who were discharging employees were discharging them at a rate greater than those who intended to add to their employees were adding to them.

Senator KENYON. And that will increase the surplus of labor?

Mr. EVANS. That will increase the surplus of labor; yes.

Mr. POST. And intensify the problem?

Senator KENYON. Well, it does not lessen the problem at all.

Mr. EVANS. Those cities reporting yesterday show a surplus of labor of 201,000, and still we have to hear from a bunch of cities that showed 50,000 last week.

Senator PAGE. Which you think would show more unemployment?

Mr. EVANS. Yes, sir; in these individual cities.

Senator KENYON. That you have heard from?

Mr. EVANS. That we have heard from. Taking the weekly reports as they have come in since December 3, I have drawn a chart, which shows the absorbing and the estimated weekly absorbing and diminishing capacity of the industries reporting, also the number of cities which reported a surplus, a shortage, or an equality of labor. The same table shows percentages, and a table which shows estimated shortages and surplus week by week. To that has been appended a diagram from this record showing weekly the help wanted requests filed with us, the number of applicants for work registering, and the number of those registrants who were reported placed in industries. The first chart shows that on December 3 the industries reporting——

Senator KENYON. That is this chart [indicating]?

Mr. EVANS. That is the one up in the upper left-hand corner [indicating]. The first chart, being the one in the upper left-hand corner, showed that on December 3 that the industries reporting estimated an increase of their pay roll by 1½ per cent; on December 10 the estimated increase was 1 per cent; On December 17 the estimated increase was approximately one-fifth of 1 per cent; on December 24 there was an estimated decrease of approximately 1¾ per cent; on December 31 an approximate decrease of one-fifth of 1 per cent.

Senator PAGE. It seems to me to be practically negligible after you get here [indicating on the chart].

Mr. EVANS. Yes. On January 7 an increase of about one-fifth of 1 per cent; January 14 an increase of about one-fourth of 1 per cent; January 21 an increase of about one-fifth of 1 per cent.

Mr. POST. State the difference between the beginning of that line and the end of it (indicating on the chart).

Mr. EVANS. This being a weekly tabulation, as a matter of fact those points (indicating on chart) should not be connected by a line. It is a weekly increase or decrease.

Mr. POST. They are not related?

Mr. EVANS. They are not related at all. The second chart which I mention, which is the second from the bottom on the left-hand side, shows that on December 3 there were 28 cities which reported a shortage of labor, 11 a surplus of labor, and 74 an equality of labor. On December 10, 31 cities showed a shortage, 16 showed a surplus, and 75 reported an equality. Is it worth while to go into detail as to this week and as to what the chart shows?

Senator KENYON. No.

Mr. EVANS. I will simply say that the outstanding feature of the diagram under discussion is that the total number of the cities showing equality of labor is gradually decreasing and the total number of cities showing a shortage of labor is also decreasing, and that the number of cities showing a surplus of labor has had a steady growth from 11 on December 3, to 55 on January 21. The diagram in the lower left-hand corner is a percentage chart, showing that the percentage of cities showing a surplus is spreading out and absorbing the cities showing an equality and also the cities showing a surplus. The

diagram on the right shows that there was an estimated surplus of labor of only 10,000 on December 3 and 211,000 on January 21.

Senator PAGE. Could you reduce that to percentages so that we could have it from that point of view?

Mr. EVANS. This can not be based on a percentage idea, because I do not know the total number of unemployed.

Senator PAGE. You know the total number of employed in the country?

Mr. EVANS. Yes; but I do not know exactly what the percentage would be in these cities reporting. We are not hearing from the total employed people, even in these cities.

Senator PAGE. Has it really become a considerable figure, as you look at it, or is it simply negligible?

Mr. EVANS. The figure of to-day is not alarming, but the trend in eight weeks, that is beginning from 10,000 to 211,000, shows an impending condition which will become alarming.

Senator PAGE [referring to chart]. Now here is where you get the extremes [indicating]. There is a point of one and a fraction per cent above and here is one and a fraction per cent below the line.

Mr. EVANS. You are almost on the zero line there [indicating on chart].

Senator PAGE. It seems to me as if that was a negligible quantity to-day, while weeks ago there is quite a considerable——

Mr. EVANS (interrupting). Were it not for the fact that there is a steady influx into the ranks of the laboring people from the Army and from the discharged munition workers——

Senator PAGE (interrupting). May we not assume that there will be a gradual absorption of men into the general industries?

Mr. EVANS. No; I do not think it is safe to assume that.

Mr. POST. That is what I alluded to when I said that there will be a prosperous period, but there will be an interval of great suffering.

Senator PAGE. I am interested in Hardwick, the second largest granite town in Vermont, and there is almost an absolute shut-down of granite producing. It has become negligible, but there is a general prophecy that it will pick up in the spring and that we will see those works start up and open again. Of course, it is purely a suggestion, but that is the belief.

Mr. EVANS. I am interested in a marble-producing place in California, and a sandstone place in Oregon, but we have not been able to market any of the material. The concrete has entirely wiped out the possibility of the use of sandstone, and marble has been negligible for years.

Senator PAGE. Barre has been doing a good business, but not up to normal. Marble, as you know, is controlled by the Proctors, and while they have not had a shut-down, they have had a poor business, and I repeat from what I can get from talking with my people in Vermont, there is a good deal of otimism with regard to the future of marble and granite there, but it may not materialize.

Mr. EVANS. Throughout the United States there is plenty of optimism but very little of hard optimism of paying out dollars to the laboring people.

Senator PAGE. There is an immense change in conditions. We are to-day moving from materials that go to make up war back to materials which make up peace, and that condition, of course, must be

accomplished with some friction. I, perhaps, have too much optimism, but I am going to believe that we are going to see a good business after spring, but that is only my opinion as against another's who might be exactly opposite.

Mr. EVANS. The trade does not seem to be in the hope of optimism. They are fearful that the present high prices will continue, and manufacturers are refusing to go back to the industries under the war-time pay. They don't want to be caught with the goods on their hands and have to absorb the loss, and neither does the jobber and the ultimate consumer. The ultimate consumer is not ordering.

The CHAIRMAN. How many people do you estimate are employed in these 123 cities which report to you and in the industries which you get the reports from?

Mr. EVANS. We do get reports from three and one-half millions of people, and as I said before, we are hearing from about 10 per cent of the total, possibly, that is, in the United States; but in these individual cities we are hearing from 60 per cent. That is an approximation.

The CHAIRMAN. You are hearing from those cities and from those industries which would be affected to the greatest extent, aren't you, by present conditions?

Mr. EVANS. No, we are hearing from the only possible avenue of absorption; that is, considering that the war ended in November, agriculture was a negligible absorbing factor.

The CHAIRMAN. And that will soon be a very prominent absorbing factor, will it not?

Mr. EVANS. Not until harvest time. I employ on my ranch in Nevada possibly 35 men for planting, and employ as many as 300 for harvesting.

The CHAIRMAN. Have you got your 35 men now?

Mr. EVANS. Well, we keep them all year; yes.

The CHAIRMAN. You did not lose any on account of the war?

Mr. EVANS. Yes, we lost them, but we got new ones. The hobos are constantly coming through.

The CHAIRMAN. Now, my understanding is that there has been quite a shortage of farm labor generally, even for planting purposes.

Mr. EVANS. There appears to be, but the reports show it is hoped that some of the soldiers now flocking to the large cities may be induced to go back to the farm.

The CHAIRMAN. You have reports of 123 of the largest cities of the country and from the industries which were most largely affected by the war conditions, and in that number you only show a surplus of 201,000.

Mr. EVANS. Well, no. We show 212,000 last week, and the partial list that was given us this morning——

The CHAIRMAN. I am talking about the last week for which you had a full report.

Mr. EVANS. Two hundred and eleven thousand.

The CHAIRMAN. Two hundred and eleven thousand. I see by that line [indicating on chart] that it's getting back to normal.

Mr. EVANS. No, that is not normal. That line which runs through there [indicating on the chart] is stagnation.

The CHAIRMAN. That is stagnation in demand and supply?

Mr. EVANS. No.

Senator KENYON. Let us get that line straightened out. Down here is the worst point [indicating on chart]——

Mr. EVANS (interrupting). It simply means this: The line which goes through there marked "zero" means no per cent of increase nor decrease.

Senator PAGE. That means normal.

Mr. EVANS. Not according to an American industry. In your plant you would not care to have the same number of men on your pay roll you had 20 years ago. That is what that zero line means; you are not increasing.

Senator KENYON. And what does the green line mean?

Mr. EVANS. It is simply connecting the percentage of increase, making a connecting line instead of having——

Senator KENYON (interrupting). It is going to be argued that things have gotten back to normal.

Mr. EVANS. Well, normal in American industry means a steady increase. According to Senator Page it means keeping at a place where there is neither increase nor decrease.

Senator KENYON. You have here a shortage report of 1½ per cent, and then it goes down to surplus, and then it goes back to shortage of labor again [indicating on the chart.]

Mr. EVANS. That is an increase of 1½ per cent, and coming down to the line of stagnation; then there was a diminsihing of 1¾ per cent, and to-day it has gone back, and instead of a decrease it is at the present date stagnation.

Mr. POST. What does the beginning of the line mean in reference to that stagnation?

Mr. EVANS. On December 3 there was a hope of American industry, that it would increase 1½ per cent and take on that many employees.

Mr. POST. Then that hope was continuously disappointed down to this low point.

Mr. EVANS. There was a decrease in the pessimism. It was 1¾ decrease on December 24 and only one-fifth of 1 per cent decrease in the week of December 31.

Senator KENYON. Is this green line [indicating on chart] the line of hope or the line of pessimism?

Mr. EVANS. Rhetorically speaking, I would say everything above the red line is optimism and below is pessimism, and the line itself is stagnation.

Senator KENYON. Although the nonemployment has increased from 10,000 in December to 212,000, you still have the optimism.

Mr. EVANS. To the extent of one-fifth of 1 per cent; you have an influx of workers to the extent of 800,000.

Mr. POST. The one-fifth of 1 per cent from 1½ per cent, beginning with the 1½ per cent optimism in December, you now have one-fifth of 1 per cent optimism?

Mr. EVANS. Yes, sir.

Senator KENYON. Is there anything further, Mr. Evans?

Mr. EVANS. I do not know whether it would answer Senator Page if I would give my suggestions as to a program.

Senator PAGE. I would like to have it.

Mr. EVANS. I think that which would create normal industry would be—I have not had an opportunity to talk this over with Mr. Post or with the Secretary, and I only give it as my individual

opinion and not the opinion of the employment service of the Department of Labor. Some of us have done a good deal of thinking about unemployment and of something which will relieve the situation. My order has not anything to do with the order of this emergency, but,

First, the Government should pass some legislation that will validate the oral contracts and thus be able to pay the manufacturer who are at the present time without money. That, of course, would mean 55,000 or 33,000 more employees in Detroit than there are now. We have a shortage of 33,000 in Detroit due to the automobile manufacturers not getting the money which is due them.

Second, then if the Government, which is owning or controlling the railroads and other activities, would put in orders even at the present day prices, for steel rails and materials for the railroads and telegraphic lines, and whatever else the Government has taken in the way of private enterprise.

Third, let there be a proper demobilization of the Army according to the industrial needs, instead of demobilization by units.

Senator PAGE. Let me understand that. You would have men selected out because of their occupations?

Mr. EVANS. Yes. Just the same as when you build a house, you do not start with the roof until you have the foundation ready. You have got to have the foundation men ready and working before you can put the roofers to work, and there is no use of the Army demobolizing the roofers and keeping the foundation within its ranks.

Fourth, if it is a possibility, to change the contract obligations calling for war-time material into peace-time material. In other words, instead of making vast quantities of shell steel, let them make bridge parts used on the roads and structural parts used in the buildings.

Fifth, some constructive kind of public works.

Sixth. Some constructive kind of land colonization. There could be a system of ready-made farms, and the building trades could be busy making the hardware or the manufacturers could be busy making the hardware, and the lumber mills could get busy cutting out the sheathings, etc. That is the first time that Mr. Post has heard that, but those are some ideas that I have been jotting down.

Senator KENYON. Is there anyhing more?

Mr. EVANS. Not unless there are some questions you desire to ask.

Senator KENYON. Mr. Post, is there anything more?

Mr. POST. No.

Senator KENYON. Congressman Kelly, of Pennsylvania, is here, Senator Page.

Mr. POST. I mean there is nothing that I have to ask Mr. Evans. There were two or three points in your questions, Senator. Your first was the present condition and the necessity for other legislation. And that, I think, has been gone over fully enough and has been gone over much better by Mr. Evans than I could have handled it.

The necessity for temporary relief seems to be urgent, and I think the department feels so, and I think the Secretary will be able to give you additional reasons for thinking so. He will be able to tell you of the steps being taken with regard to relieving the business stringency,

the fear of the business men to invest at the present basis of prices without legislation. It seems to me——

Senator PAGE (interrupting). Do you say that in your opinion, if prices recede, money will be forthcoming to proceed along——

Mr. POST (interrupting). No, Senator; I made a statement before you came in which probably I am using as a back ground, that you do not understand. My impression is, I am an optimist as to the future with regard to business. I think there is going to be perhaps the most prosperous times we have ever seen as soon as the readjustment can come. In the first place, we have historical reasons for believing that it will do so. We had very prosperous times closely following the Civil War, and the hard times did not come for six or seven years after. The fact that this great body of labor coming back from the Army into the industry, it should not be lost sight of that they originally went out of the industries into the Army. We have not got a new supply of labor, but we have an old hole to be filled. The men coming back are coming back to a country and to the industries from which they were taken. We have had a falling off of immigration. The net falling off is something like 800,000, so there is that fact to take into consideration. We had about 800,000 net, running along about that level, before the European war, and it is cut down to almost nothing, or we can say nothing.

Senator PAGE. Eight hundred thousand net of laboring men?

Mr. POST. No; 800,000 of immigrants that came to stay, about an average of 800,000 net and 500,000 would be probably a low estimate out of that of the laboring men. Now it is true that women have come into the industrial world, and will probably remain in many industries beyond the employment of women before, but that in itself would not be enough to take up this slack from the immigration. While the people in the war are coming back, and while the people heretofore in munition works and Army are coming back, they are going to need the products of peace when they come back. They are not going to stop eating or wearing clothes, and the demand is going to be here for consumption, so I do not see any reason for not believing that we are going to have prosperous times.

Senator PAGE. We are going to have a labor demand to employ every man who wants employment?

Mr. POST. Yes, and at good wages, so that the laborer will be a profitable consumer. I have never been able to understand why manufacturers want to keep wages down, because the biggest proportion of consumption in this country is by the wage earners.

Senator PAGE. But this is only pending readjustment.

Mr. POST. Only pending readjustment, but that is a period that neither you nor I can judge; but this Congress is going out, and we do not know when the next Congress will come in and what conditions will be at that time. We do know that the States are trying to do something, but at the same time this Congress should not leave it to the States alone. Congress ought to do something that will provide against this contingency, this period, and my recommendation would follow very closely along the lines that Mr. Evans has stated, although I did not previously know what his views were.

My view is that the legislation ought to be emergent to provide for security against temporary unemployment, for there is great danger involved in very widespread unemployment, and the legislation ought

to be for emergency purposes, and I think it ought to be of a kind that can have added to it, as we have more time to think about it and to legislate upon it, that it ought to be along the line that would be open to provide conditions that will be a security against unemployment at any time.

Now, there are plenty of plans for public buildings that exist to-day in the architect's offices, and they only need money to go ahead. There are buildings that must have been authorized by Congress, but which were stopped by lack of money or some other reason. The plans are there——

Senator PAGE. Now, the lumber is a very serious question, especially to the manufacturers. We understand now that the plans were stopped, and now if we undertake to go ahead we will be obliged to buy lumber at $40 or $50 a thousand for ordinary stock boards, whereas the normal price was $20 or $30 a thousand, and under those circumstances the manufacturers decline to erect buildings on these high war prices for material.

Mr. POST. I am talking about Government buildings.

Senator PAGE. And would you advise the erection of Government buildings at this time?

Mr. POST. I think it would be a cheap investment. We have spent enormous sums of money freely in the prosecution of the war. The war is not over. We are in war times, and it seems to me that it would be a cheap investment for the Government to go to work putting up these buildings at once, even at the high prices for material, at the high prices of wages, and put up these buildings as a guarantee against this slack employment, over the temporary period in which apparently there will be a slack employment, rather than to risk the difficulties that are sure to arise when men reason from their stomachs instead of from their heads.

Senator PAGE. There is a suggestion that if you are going to expend a vast sum for labor under such circumstances, you are compelling some taxpayer to stand a burden that he may not feel like standing. That should be taken into consideration.

Mr. POST. But if you do not, I am afraid that you run the risk of creating more expense for the taxpayer if you would create——

Senator KENYON (interrupting). We have already voted a hundred million dollars to feed the people across the water, and Senator Page helped to vote for that measure.

Mr. POST. In the matter of these public buildings that you want and need, and regarding which there is no reason why you should not go ahead except the reasons that you have brought forth, if you would do that you would have employment instantly for the unemployed, and not only the employment of men on the building itself, but you would instantly create a demand for all purchases of material, a demand for more food and more clothing by people employed, and you would get things moving, and you would get these things built. There are highways ready to be built, and those highways are needed, and you could put the men to work on them, and as Mr. Evans has suggested, it seems to me that this method of relief should be an emergent relief, but the relief ought not to be, after all, one similar to the municipal lodging houses in the old days, where a man got his breakfast and a place to sleep if he sawed wood. That was not payment exactly, but as a sort of a penalty for having eaten his

supper and his breakfast and having a place to sleep. I think that the work would be useful, not only for the purpose of bridging over the emergency, but it would be leading to a development that would rid us permanently of the unemployed men, and so if steps were taken along the line suggested by the Secretary of Labor in his report of 1915 and urged in every report since that time, and upon the basis of investigations of expert reports that have been made in the meanwhile, if some legislation were set about pursuant to which, step by step, if you please, but as a whole if possible, there could be ready-made farms to put men on, with provisions for instructing them and with proper adjustments for tenure, etc., there could be developed a system that would be an absolute guaranty against the recurrence of unemployment and bad times, and that would be well worth undertaking.

Senator PAGE. As you know, Senator, I am on that Committee of Agriculture and Forestry, and I ought to be down there now.

Mr. POST. I think, Senator, that this practically covers the question.

Senator KENYON. I want to ask this one question before Senator Page leaves. I want to get your judgment about this: If Congress sits here and does nothing, and if it is adjourned on the 4th of March, and does nothing but radiate this cheerful optimism, and there has been no plan for any of this sort of emergency insurance by providing some kind of public works against unemployment, I would like to ask you as a man who has given great thought to this subject, what do you think is likely to happen?

Mr. POST. When one has had the experience that you have attributed to me states what he is inclined to think will happen, he is very apt to be accused of making a threat. I am making no threat, but simply as a matter of prophecy, I do not see how a condition where great bodies of men have to reason from empty stomachs can help to bring about a most disastrous condition that will transcend in its importance any question of expense to the taxpayer.

Senator KENYON. Do you think that it is a real problem for this Congress to deal with?

Mr. POST. I think that it is a problem for immediate and intelligent action.

Senator KENYON. The unfortunate thing is that anybody who undertakes to do anything on the subject in Congress is immediately regarded as an alarmist, and as producing a bad effect on the country and everything of that kind. I know that I have found that in trying to do something with this legislation.

Mr. POST. That has always been so and will be so until the climax comes, and then the response is, "Why didn't you fellows who said you knew it was coming, say so?"

Senator KENYON. Is there anything further that you would like to say on this subject?

Mr. POST. I do not think that there is anything more that I can suggest. I hope that I have been understood, that my recommendations are for emergent action and not merely looking toward a municipal yard for sawing wood, but something that looks to the future——

Senator KENYON. Not merely carrying water up hill and down?

Mr. POST. No, that would be pretty nearly as bad as the other.

Senator KENYON. We are very much obliged to you.

STATEMENT OF MR. FRANK C. WIGHT.

Senator KENYON. What is your business, Mr. Wight?

Mr. WIGHT. I am associate editor of the Engineering News-Record, a weekly newspaper of many years standing, which devotes itself to engineering and contracting subjects. Part of our business is to keep track, so far as we can, of the state of construction in the United States. We do not try to keep precise figures of the same conditions as presented here, but we have enough evidence coming in to us to give us a very good impression, and we are quite sure, from long experience, that that impression would be borne out by statistics, were such statistics available.

It is our very firm conviction that there is no construction of any appreciable extent in prospect for the coming season. There are a few scattering examples of large work, and there are some small works going on, but in comparison with pre-war conditions—of course pre-war conditions were so extraordinary in the construction that there is no comparison—but the prospects for the coming season are very poor. I hear everywhere I go, and the other members of the staff hear in the same way, the same optimism that has been expressed to-day. You go into the office of the chief engineer of a railroad, and you say to him, "How is the East Orange cut-off coming on?" And he will answer, "We have the designs and the drawings all ready." Then you say, "Are you going to work?" And he will answer, "No, we can not pay the price, and we are not going to do anything just now."

Now, go to the city of Cleveland, and it has the three million dollar East Side filtration project with the designs all made. The newspapers say that the work is going to start, but coming to find out the facts, they do expect possibly to go to work some time in 1920. The city of Philadelphia has a five million dollar pier project, but there is no prospect that it will start. From our investigations we are convinced that the whole country is still in that state of mind, with one or two eminent exceptions. The city of New Orleans is going ahead and the city of Seattle is going ahead on some improvement work, but the cities and the railroads and the States and the United States itself, every agency, every public agency is starved for construction, but the construction is not going ahead.

Senator KENYON. What are they afraid of?

Mr. WIGHT. They are afraid of the prices.

Senator KENYON. Do you mean that they are afraid of the prices of the material?

Mr. WIGHT. They are afraid of the prices of the material more than they are of labor. I had a contractor tell me, one of the biggest in New York, a man who had forty million dollars worth of construction for the Government, he told me, "I do not care whether we go to work this spring or not. I am carrying my necessary men, but I won't pay these prices for the material that they are getting, and I can not pay them, and I am going to wait until they come down."

I had one of the leading engineers in the far West who said that the wages were all right if he could get the men to work. That is the common expression among the most important contractors and engineers; it is not the wages. They do not care about the high

wages if they could get the material at a lower rate. The administrators of the municipalities who are responsible to the electorate are afraid to go ahead and spend a lot of money with the high prices for material which are prevailing. Where a job was estimated at $2,000,000, if the engineers estimate it to-day at $3,000,000, they do not care to go ahead.

Senator KENYON. Do you think that there is a concerted movement in the country to refrain from this work in order to force down these prices for the material?

Mr. WIGHT. I have no knowledge of such a movement.

Senator KENYON. But it is a very natural thing to do.

Mr. WIGHT. That would be a natural thing for a man——

Senator KENYON (interposing). I did not mean a concerted movement, but I mean an actual movement.

Mr. WIGHT. I would say on the part of the contractor, that he has no very altruistic motives, but he has had such a good business for the last two or three years that he would not suffer from any condition of idleness in the next six months or a year.

Senator KENYON. And what is your idea of what Congress could do to stimulate and improve this condition, especially along the lines of public works?

Mr. WIGHT. I have not given that enough thought, Senator, to go into it in detail.

Senator KENYON. Well it seems that everybody thinks that Congress ought to do something, whether they have given it much thought or not. We would be very glad to have your suggestion as to whether this is a real problem or an imaginary one.

Mr. WIGHT. I should like to say that I, in common with most engineers, would like to see a public department of public works in this country, which would have control of all public buildings and centralize all the public construction work, of which there is a great number under diversified heads at present, and have it under one head with a wide acquaintance and knowledge of public construction and of public construction necessities. Whether that is possible in the present crisis or not I am not prepared to say.

Senator KENYON. If private industry is not willing to pay these prices for private work, do you think that the Government should?

Mr. WIGHT. I agree with Mr. Post in his last statement here, that this is not a theoretical situation that confronts us. The loss would be small compared with the loss if this construction does not go ahead. I listened to Mr. Evans and what Mr. Evans said in his list of labor shortage, but I do not know that he had any statement regarding the building trades. The building trades are a large percentage of the employed labor. They have, I should say, by far the largest percentage of unskilled labor in the country.

Senator KENYON. And you are more or less familiar with that, are you, Mr. Wight? How much building is there going on?

Mr. WIGHT. There is no building going on. I know that, and not only do we have labor out of employment, but the high-class engineers are out of employment. There is not a day goes by but there comes in our office in New York ten to a dozen high-class engineers, many of them discharged officers of the United States Army, and they are looking for employment. These are high-class engineers, men who when they are employed receive their three or four or five thousand

dollars a year, and better. I was told by the largest construction company, or one of the largest construction companies in New York City, which has been engaged in war work, that they had practically no work in the last few months. They have no work going on at all. They are holding their engineers and their workmen are being laid off. The man who had charge of their employment called me up one day last week and asked me if I knew any place to put his men. I do not know if the Department of Labor has track of all that grade of employment or not.

Senator KENYON. Are you going to be here tomorrow?

Mr. WIGHT. I shall be in the city for two or three days.

Senator KENYON. If you can come to-morrow, we will be very glad to have you say a few words——

Mr. WIGHT. That will be in the morning? All right.

(Thereupon, at 12.20 p. m., an adjournment was taken until 11.00 a. m. the following day, January 30, 1919.)

EMERGENCY PUBLIC WORKS BOARD.

THURSDAY, JANUARY 30, 1919.

UNITED STATES SENATE,
COMMITTEE ON EDUCATION AND LABOR.
Washington, D. C.

The Committee on Education and Labor of the Senate and the Committee on Labor of the House of Representatives, held a joint meeting this day at 11 o'clock a. m., pursuant to adjournment.

Present: Senators Hollis (acting chairman), Kenyon, Page, and Jones, and Representatives Hersey, Zihlman, London, Nolan, and Keating.

Also present: Hon. William B. Wilson, Secretary of Labor; Hon. M. Clyde Kelly; Hon. James I. Blakslee, Assistant Postmaster General.

The CHAIRMAN. I understand that other members of the Committee on Education and Labor of the Senate and of the Committee on Labor of the House are to be here, but I think we should not ask the Secretary of Labor to wait for them. I shall ask Senator Kenyon to interrogate the Secretary, inasmuch as this bill was introduced by him.

STATEMENT OF HON. WILLIAM B. WILSON, SECRETARY OF LABOR.

Senator KENYON. I asked the Secretary to come, I will say, more particularly for this one thing, to tell the committees of the Senate and House—we have invited the House committee to meet with us—whether there is any need for any legislation looking toward the handling of this question of unemployment. We have read in the newspapers last night, and I think the statement has been made before the committee here, that there is no need of doing anything, but that the thing is to be optimistic, and Senator Lewis made a speech yesterday to that effect. If there is no need of doing anything, so far as I am concerned, I want to cease in my labors, and the fundamental thing first is to ascertain whether there is any need of Congress doing anything, and if so, what is your view of what Congress might do.

Senator PAGE. That question that he asks I think is too broad, that is whether there is a necessity of doing anything. We may all concede that there is such a necessity, but does that necessity extend so far that the Federal Government is, in your judgment, bound to take cognizance of this matter, or may it safely be left to the States?

Secretary WILSON. It might be well for me, in order that I may put before you more clearly my viewpoint on the situation, to give you somewhat the situation as I visualize it. I think there is a

considerable amount of hysteria concerning the problem of reconstruction. We are in almost the same kind of atmosphere that we were in at the time we entered into the war. At that time, there was a fear that we were not able to meet the situation confronting us.

Senator PAGE. Are you speaking of the time when we entered the war?

Secretary WILSON. When we entered the war—when the United States entered the war—there was a fear that we were not able to mobilize and train a sufficient number of soldiers to be effective; that because of the submarine warfare and the depletions of shipping incident to it that it would not be possible for us to transport our soldiers even if we mobilized them; and that our industries, having made no previous preparation for the manufacture of munitions, would not be equal to the task of supplying our armies. And yet, when the great crisis came, when the Germans had broken through the western front, and there was nothing between them and Paris but space, it was these same boys of ours that we feared we could not mobilize or train or equip that stepped into the breach at Chateau Thierry and stemmed the tide of the oncoming German forces, turned them backward, restored the morale of the French and British forces, and achieved victory for our armies. Now, if we could meet a situation such as that we confronted about two years ago in the great problem of mobilization, surely our intelligence and our energy ought to be able to meet the problems of demobilization. We are in the habit of speaking of the problem as the problem of reconstruction. We get the term "reconstruction," as it is applied to the post-war period, from Great Britain. Great Britain for years has believed that it had a reconstruction problem. It made arrangements for investigating that problem and finding a solution, if possible.

In a recent report of the war cabinet brought to my attention the cabinet very frankly stated that there were some of the problems of reconstruction; that some of the elements of reconstruction that could not be determined before the conclusion of the war, and for that reason they could not work out a definite plan until after the war. But Britain had a different problem to deal with in reconstruction from the problem that we have to deal with. In the term "reconstruction," as used by the British, was included access to raw material for her factories. Great Britain, during all of the period of her industrial development, has been dependent upon her colonies or other countries for her supply of raw material of many kinds. Access to all of the raw material needed for her industrail purposes was one of the great factors in the problem confronting Great Britain. That is not a factor to any considerable extent so far as we are concerned. We produce nearly all of the raw materials necessary in our industries. Some of them that we were dependent upon other countries for prior to the European war we have developed methods of producing ourselves since that time. Therefore the problem of access to raw material may be set aside as one of the factors that some of the other countries have to include in their problem that we need not include.

Another important element, viewed from the British standpoint, was and is the renewal and development of her foreign trade. The war has made a very great change in the circumstances surrounding the foreign trade of Great Britain. The industries of the British Empire, and particularly of the islands of Great Britain, would be

very seriously impaired if means could not be devised by which the foreign trade of Great Britain could be renewed, at least upon the quality of a prewar basis. That problem does not confront us to the same extent that it confronts Great Britain. We have already taken action looking to the care of our foreign trade and the development of our foreign trade. The first thing necessary in developing foreign trade is to know where the trade is to be had, and we have provided the means, the agencies, through which our business men can become familiar with and can secure a knowledge of where foreigh trade is to be had by the establishment of our commercial attachés to the consular service of the United States, making reports through the State Department to the Department of Commerce. The next step in connection with that trade is the matter of credit. Germany, for instance, built up a tremendous South American trade during the past thirty or forty years principally by virtue of the fact that she provided the proper kind of credits suitable to South American countries. Until very recently our Government had given no attention to that phase of the foreign-trade problem; but our Federal reserve act gave to American banks the opportunity of establishing branch banks in foreign countries, thereby providing the means by which we can extend credit to foreign countries and extend our foreign trade accordingly.

The next element was that of transportation. The necessities of the war compelled us to engage in a shipbuilding program that has been unequaled in the history of the world, and we have more ships now in process of construction than any of the other countries. The means of transportation then for foreign trade is being provided for us.

Those three elements being the principal elements, having been taken care of, the question of foreign trade is not with us one of the great problems of reconstruction. Our problem is that of demobilizing our armies and our war industries and getting our normal industries into their natural swing. Some steps were necessary in order to accomplish that purpose; during the period of the war we were compelled to take control of raw material, "raw material" being used in its broadest sense, the raw material for the furnace being that of the ore, and the raw material of the machine shops being that of the rolling mills. We were compelled to take control of raw material for war purposes. One of the first things needed in order to get our industries into its normal gaits was to remove our restrictions upon access to raw material. That was done.

The War Industries Board removed its restrictions very shortly after the signing of the armistice. It was also necessary for us for war purposes to control finance and control credits that there might at all times be available the means by which our country could finance itself in the big contest it had engaged in. If industry was to come to a normal condition the restrictions we had imposed for war purposes on finance had to be removed. Those restrictions were removed and there is now opportunity for the utilization of the credits of individuals and corporations, municipalities and States, for the carrying on of such enterprise or enterprises as they may deem it advisable to engage in. But even with that, there was not a disposition on the part of the business man to resume his prewar activities on a postwar basis. If there had been that disposition we would

have had no demobilization problem. At the time that the United States engaged in the war practically all of our people were employed in one line of industry or another. There is always a considerable number of unemployed, due to the shifting for various causes. Even in the period of industrial activity, it has been estimated by some of our experts that we have approximately 1,000,000 unemployed throughout the United States.

Senator PAGE. Can you speak from the standpoint of percentages, Mr. Secretary? Can you give us the percentage of the actually unemployed as a general rule in normal times or under normal conditions? If you do not have it down there, never mind.

Secretary WILSON. I have not computed it on that kind of a basis. It was possibly 2 or 3 or 4 per cent. In periods of industrial depression the number of unemployed runs up to three or four millions. There was not that number of unemployed at the time we engaged in the war. There was approximately that number of unemployed at the time the European war came on, before we engaged in it.

Senator KENYON. Do you mean three or four million or one million?

Secretary WILSON. I mean three or four million unemployed in 1914, and that there were possibly in the neighborhood of a million unemployed in 1917, and we are likely to have, even with industrial activity, in the neighborhood of a million unemployed. We are possibly the most migratory people in the world. That may be due to the fact that we have the highest ideals existing anywhere, and where you have a condition where the surroundings are not equal to the ideals you have a condition of unrest, and because of the divergence between our actual conditions and our ideals we have a larger number of people continually moving from one place to another and from one job to another with a hope of improving their condition than we have in any other country I have any knowledge of.

Senator JONES. Would it not be in keeping with the natural disposition of our people who are now being demobilized from the army for them to have a short period in which to look around, and might we not expect that a considerable number of the demobilized soldiers would not at once, in the very nature of things, seek employment?

Secretary WILSON. That would be true with large numbers of them, that they would not immediately seek employment, particularly those who have relatives in different parts of the country. I find from my own experience, from my boys and my nephews, as they come home and get that opportunity of going to see their relatives and friends, the first thing they think of is to see their relatives and friends. Whether that is general or not I do not know, but I know where it has come under my personal observation that it is general, but that would only be for a brief period. And I may add, in that connection, that thus far our employment service finds that there is little or no call in the placement of the soldier returning from military service if he returns to the place he came from.

There is a very general disposition on the part of employers every where throughout the country to make a special effort to reemploy those who have been in the military service that were formerly in their employment; but where demobilization takes place in the neighborhood of our larger cities there is also a tendency on the part of the soldier to see the city, and when he is through with seeing it,

frequently, of course, the funds he had in his possession has been expended. But that can only occupy a brief portion of the demobilization period.

Senator JONES. We had yesterday some testimony indicating that in 123 of the larger industrial cities of the country the unemployed was from 10,000 to 212,000 within the last two months.

Secretary WILSON. Yes.

Senator JONES. Would you consider that an alarming condition, or anything to be afraid of?

Secretary WILSON. I would not consider it an alarming condition so far as the number of unemployed is concerned, but it is a condition showing the trend and consequently the need of providing some kind of a buffer employment that will tide us through the brief period of readjustment.

Senator KENYON. Mr. Chairman, Mr. Evans, of the Labor Department, handed me these figures of yesterday. You will remember that they got the reports in on Tuesday. Tuesday's telegraphic labor reports show fifteen cities shortage of 10,868, 46 cities equality, and 61 cities with a surplus of 262,432. That shows a gain of about 62,000 over last week.

Secretary WILSON. As I recall the figures last week, there were 235,000, but this would indicate 262,000, which is an increase, and there has been a continuous increase from the time our community boards have been reporting to the present time, and it is the tendency or cause for alarm, if there is any cause for alarm.

I was proceeding to discuss, by process of elimination, the things that we need give our attention to and the things we are giving our attention to already, so as to get down to the point where it seemed to me that legislative help was necessary. I might say in that connection that the fear exists among business men generally that the prices now obtaining for material and the prices now being paid for labor will not be stable; that there will be a very material decrease in the price of labor and a vary material decrease in the price of material, and there is, therefore, a disposition to hold off from going back to their normal business activities until prices get established to the lowest working basis, and you can readily understand the attitude of the mind of the business men in dealing with the problem under the circumstances as they confront us now.

If any man in business buys his material for his plant at present prices, and to-morrow his competitor can buy it at 10 or 20 or 50 per cent less than he is now capable of buying it for, he is at a decided disadvantage when it comes to disposing of his product. Because of that uncertainty there is a holding off on the part of employers, of business men and manufacturers, about resuming their prewar activities on the present basis. The manufacturer fears to enter into any arrangements with his associates looking even to the lowering of prices, lest he come in conflict with the law. He also fears making quotations when inquiries are made, because there is no indication that the inquiries will result in business, and he fears starting the market in a way that will send it not only down to the mere bare cost basis, but send it down below that basis, and that would put him out of business; and so when inquiries are made quotations are made in response to them that are on a war basis.

There is a likelihood of a change in the cost of material without there being a change in the price of labor, because there have undoubtedly been many lines of industry in which the profits have been very much in excess of the profits in normal times. Those profits must be eliminated before we can get into a normal, after-the-war swing—I mean the abnormal profit; but those who have been securing them fear the elimination of them lest it drive the market to the other extreme, and they fear consultation with each other lest they come in contact with the law; and in that situation the Department of Commerce is undertaking a series of conferences with the manufacturers and producers in the most important lines, with a view of getting prices down to the actual basis of a normal profit without affecting the wage rates.

Senator PAGE. Mr. Secretary, would not the reduction in values of the material that you have referred to make it absolutely necessary that there be reduction in prices? Let me illustrate: To-day the lumber man is in the woods getting out his lumber for the spring cut; that is, in the country where they cut largely in the spring. Now, if there was a lower price on lumber, is it not the most natural thing in the world that those men engaged in lumbering should insist that there shall be a lower price for labor?

Secretary WILSON. That is a natural thing for them to insist upon it, because there is the natural disposition to retain as long as they possibly can, the margin between the labor cost, including all costs, overhead, and so on, between the costs and the selling price—in other words, profit. It is the natural desire of men engaged in business; that is why they engage in business; to create as great a margin between their costs and selling price as they possibly can, and if the selling price is cut down and they can bring the wage rates down correspondingly, then they maintain the same margin between the cost and the selling price. The question of whether it is a wise thing to do for the manufacturers as a group and for the people as a whole, is another and an entirely different question.

Senator PAGE. Does the question of fear on the part of the lumber men, for instance, the employer, lest there be such a reduction as compels a loss, enter into this consideration?

Secretary WILSON. Yes, that is what I am trying to show, that he has a very natural fear, and a very proper fear, I may say, that there would be a reduction that would result in loss, and he does not want that reduction. It is doubtful as to whether it would be to the advantage as a whole, even though it might be to his disadvantage to have a reduction that would result in loss. There can be no stimulation of the industry for it to return to its natural and normal swing, unless it can be with the hope of reaching a point where there will be at least normal profits.

Senator PAGE. And if the cloud of fear overhangs in that way, does not the psychological influence come in and prevent the return to the natural swing of business?

Secretary WILSON. Yes, and that is one of the elements of the present time, the fear. It is the lack of confidence, the fear that values will fall and that if the values fall beyond a point where they can maintain the present wages and secure normal profits, then they want to cut the wages. They also fear any tendency toward the lowering of prices lest it should get to that point where it will be beyond the

point of normal profits, and it is that very fear that we are seeking to overcome through the conferences that are being arranged for by the Secretary of Commerce.

Now, as to the possibility of lowering wage rates to any great extent, I want to deal with that feature for a minute or two, if I may. Personally, I do not believe that for some time to come it will be possible to lower wage rates to any considerable extent. Wage rates have gone up during the war, beginning before we entered the war, and continuing during the time we were in it. The cost of living has also gone up, and the wage rates per hour have just about kept pace, the increase in the wage rates per hour has just about kept pace with the increase in the cost of living. There have been some industries where it has not kept pace. There have been others where it has a little more than kept pace; but the hourly wage rate, on an average, has just about kept pace with the increase in the cost of living, and yet the wageworkers have been better off financially during the period of the war than they had been prior to that time, due to these facts, that during the war they worked overtime, in many instances being paid time and a half; they worked Sundays in other instances, being paid time and a half, and in some instances being paid double time, and they had more steady employment during the week than they had in prewar times. The total amount received in wages by the wage earners during the period of the war was greater in purchasing power, therefore, than it had been. Some of them have some of that in reserve, some in the form of liberty bonds, others in other forms. Some of them have none of it in reserve. To the extent that they have it in reserve, they will be greater purchasers of the necessities of life. It is also true with regard to agriculture. The farmer has been receiving in return for his crops more in actual purchasing power than he had ever received before in any period that I have ever known or ever read of.

Congressman HERSEY. And has been paying more for help at the same time.

Secretary WILSON. He has been paying more for help also, but they were not absorbing the increase in the demand for help. They were also handicapped in access to farm implements. There was not the expenditure for farm implements that one would naturally expect where so much was being received in return for the crops. There is now the probability that much of that increase will be expended in equipment for the farm. That, in the aggregate, must contribute toward the future industrial activity.

Prior to 1914 we had been receiving into our country in the neighborhood of 1,200,000 aliens annually. There have been returning about 400,000, leaving us a net gain of 800,000. For four years the number of immigrants coming into our country has been about equaled by the number going out. There has, therefore, been a net decrease in the increase of our population of 3,200,000 from that source alone.

Senator KENYON. About what proportion of those would you say were laborers and what were not?

Secretary WILSON. That is, you mean workers and their families, possibly two-thirds of them were of a working age. That deals with the immigrant class.

Furthermore, we have started a shipbuilding program that has increased the number of workers employed in shipbuilding operations from a few tens of thousands to the neighborhood of 500,000. They have been drawn from all lines of industrial activity. We have enlisted more than 4,000,000 in the military service, and we will likely demobilize throughout the country about three-fourths of that number.

Senator PAGE. You speak of the military service, and I suppose, of course, you include the Navy service as well?

Secretary WILSON. I mean including the Navy and Army we have somewhere in the neighborhood of 4,000,000, and we will possibly demobilize three-fourths of that number during the current year, and that demobilization is going on now, and it will not all be at once. At the end of the current year we will still have presumably in the neighborhood of a million that have been drawn from industrial life and are still in military life.

There is a shortage, then, of 3,200,000 from immigration sources, the increase of 500,000 for a new line of industry that we have been engaged in, and at least a million of soldiers drawn from the industry, leaving us nearly 4,700,000 or 5,000,000 short of the number of workers we otherwise would have had.

Now, if our industries could immediately resume their prewar activities, it seems to me apparent that we would be able to take care of the demobilizing of our armies and of our industrial war workers. The difficulty is that it is not presumable——

Senator KENYON. May I ask you, Mr. Secretary, the bulk of this large number of immigrants, 3,200,000, those would not all be workers, would they?

Secretary WILSON. I have figured about two-thirds of them.

Senator KENYON. Don't you include the families in this, then?

Secretary WILSON. About one-third would be of the families under 16 years old; the other two-thirds would be the immigrants and their families, 16 years old and upward. I am speaking offhand.

Senator KENYON. But they would not all be workers. There may be a man with five or six in his family——

Secretary WILSON (interrupting). No, there would be about one-third of them; there would be about one-third of that number who would possibly be under 16 years of age, and would not be engaged in industry immediately, but they would be growing and in a few years would be at a point where they would be engaged in industry, and the fact is that from year to year there has been an accumulation of those who do engage in industry from those who came in previous years.

There is a failure, nevertheless, to resume, which is the difficult problem for us to deal with. The disturbed condition is due entirely to the after-the-war needs. If there had been no war, if there had been no need on the part of the Federal Government for military activity, we would have gone on in the usual even tenor of our way, and this disturbing condition confronting us, confronting us in my judgment for but a brief period of time, would not have been here, and hence I look upon the Federal Government as having a moral obligation to utilize every authority and every power that it possesses to restore the normal industrial conditions.

I believe that after the readjustment period and for a great many years after the readjustment period we will have great industrial

activity for these and some other reasons that I have not dealt with and will not at this time undertake to deal with, but our great problem is the problem of taking care of the demobilized soldier and the demobilized worker from the period of the signing of the armistice until we get into our natural industrial swing.

There has been a retrenchment of all public work for two years or more. That applies to the municipalities, to the States, and to the Federal Government. They have been doing little or nothing, so far as the Federal Government is concerned; the States have been doing little or nothing, and the municipalities only that which they were compelled to do by way of public work during the period of the war. There should be a renewal of the activities of the Federal Government, of the State governments, and of the municipal governments.

Senator KENYON. That is, all the same class of activities?

Secretary WILSON. Yes. It would be folly in my judgment to start work that is not needed solely for the purpose of giving employment to anybody.

Senator PAGE. There is a suggestion made that we would receive an economic benefit to our country at large by entering more largely into the matter of improving our highways and the development of farms that have been undeveloped rather than to incur the expense of investing in very high cost material, investing, perhaps, four dollars in order to give one dollar of service to the laboring man. Can you suggest any way in which agriculture can absorb what you propose for the present, the immediate present, more than if we were going to building——

Secretary WILSON (interrupting). There is quite a demand in some parts of the country for agricultural labor. We have reports from various parts of the country of a want of agricultural labor. In some of those localities they say to us, however, that the American will not engage in those classes of labor. We are told by people at interest that the American will not engage in the sugar-beet growing work in agriculture; that they will not get down on their knees for planting and for weeding purposes, and that it is only the Mexicans and the people from Europe that will engage in that kind of work, and there are some other special lines that the same statement is made in connection with. I do not believe that that is the correct analysis of it. I think that American men and American women can be secured to do that work in connection with the sugar-beet growing, or any other agricultural enterprise, provided that your agricultural enterprise is in a position to compete with labor in the industries, in the payment of wages and in the furnishing of houses and other conditions. They claim they are not in a position to do that, and because they are not in a position to do that it is necessary to get other laborers.

Senator PAGE. I think you were in attendance at the conference of the governors at Annapolis——

Secretary WILSON. I did not have that pleasure, no.

Senator PAGE. Secretary Lane was there, and he spent a great deal of time in trying to develop the theory that we could use a large number of the unemployed men by taking farm lands now lying idle and converting those farm lands into farm homes.

Secretary WILSON. I think as a permanent proposition that would be a wise governmental policy, but it would not be done in time to

meet the situation I think is apparent to any one. The Department of Labor has been giving a great deal of attention to that problem in the last three or four years. It was first brought to our attention very acutely because of the large amount of idleness in 1914.

Senator JONES. What is the fact in regard to the wages of the farm laborer, as compared to wages generally? Is not farm labor in this country as a rule paid less than any other class of labor?

Secretary WILSON. I think that would be very generally conceded, that farm labor is paid less than is paid to others, and yet there has been no scientific examination to determine a comparison in the wages. For instance, the farm hand, prior to 1914, worked at anywhere from $15 to $35, or $40 per month, usually had in addition to that, or frequently had in addition to that his home, his garden patch, if a married man with a family, or his board with the farmer's family if he was an unmarried man. And the living conditions of such laborers were very much different from the living conditions in the city. A man loses no caste in a rural community by going out in his overalls anywhere, unless there be, in the language of our farmers in northern Pennsylvania, "some special doin's." If there are "some special doin's," he might put on his Sunday clothes, but a man loses no caste by wearing his overalls, by appearing without a collar or tie, or by wearing cowhide shoes in the rural community. Consequently, he does not have to spend as much money for clothing, for shoes, for hats, and for dress generally. His surrounding circumstances are different. In the cities the working man who habitually went about after his day's work in his overalls, would lose caste, and a feeling of self-respect permeates all of the elements of our community. Thank God it does permeate all the elements of our community; and so the wage worker maintains a higher standard of life, because he has to—his self-respect compels him to.

In addition to that, rentals are higher, and many other things are higher in the city, and the wage received is not equal, dollar for dollar in purchasing power. There has been no real, scientific study in comparison, and yet the generally accepted theory is that farm wages are lower than the wages paid in the industries.

Senator PAGE. Is it true, Mr. Secretary, that there is a wonderful power of absorption in the agricultural communities, wherever men at work in the cities are willing to take up farm labor?

Secretary WILSON. Not as a permanent occupation. That is one of the difficulties of our modern agricultural system—one of the laws that grows out of our industrial system. The farm of old was a little city in itself—was a little manufacturing establishment, as well as an agricultural establishment—and there was usually work found in different parts of the community which went into effect during the entire year. With the coming of the factory system this is no longer the case, and the farm work is becoming more and more a seasonal occupation, and there is not an opportunity of absorbing great numbers of people in agriculture for all the year round work, unless you can provide the means by which men can go upon the farms and ultimately become the owners of them. If you can provide means by which that can be done, there is an almost unlimited means of absorption by the farm, and we have come to the conclusion in the Department of Labor that there can be no real "back to the land" movement that does not take

that into consideration. We are very much different in this country, so far as our land is concerned, from the older countries. We have not the same kind of peasantry with the same kind of land hunger that the other nations of the world have. Our peasantry—the term does not apply to them as it is understood in Europe. We are farm owners, farm renters, and every one of the farm renters being a prospective farm owner, and farm laborers who expect ultimately to be farm renters and farm owners. So there is not the same land hunger among the large class of landless people in the rural communities that exists in the older countries of the world.

Senator JONES. To develop my thought that I had in mind, Mr. Secretary, I will suggest some more general thoughts. It is, of course, well recognized for the last 50 years that there has been a gradual drifting of people from the farms to the industrial centers in this country. The percentage of change is quite large, which would seem to indicate that, taking conditions as a whole, either in the amount of the wage or in the facilities for amusements or attractions of one kind or another, that it has been felt desirable to leave the farm and go to the industrial centers. Now, that would seem to indicate that conditions on the farm, generally speaking, have been less favorable than conditions in the cities or industrial centers.

Secretary WILSON. Not of necessity, Mr. Senator; although that would undoubtedly be one of the elements. The reason why the immigrant coming into the United States becomes immediately a competitor with the wage worker, instead of becoming a competitor with the farmer, is because he comes here penniless. He must find some means by which he can make a living, even though he receives meager returns for his labor. He is dependent for a livelihood upon getting some kind of returns for his labor, and hence he drifts into wage working instead of going on to the farm.

Now, he can not go on the farm as things are now in any great numbers without the all-around work—all seasons of the year work. He can not do that, and he is a wageworker, and he has not the means by which he can become a farmer. To me there can be no back-to-the-land movement that can be a real, genuine, bona fide, healthy back-to-the-land movement that does not provide the means by which those who would go on to the land can ultimately become the owners of the land. The people in the city, those who have drifted back to the farms, those who have grown up in them, are not likely to go out upon the land. They are anxious to continue in the cities. The only ones who would be likely to go out upon the land are the ones who have not been successful in the cities and who have not accumulated anything of their earnings, and they can not go out upon the lands, no matter how you reclaim them, whether they are swamp lands or good lands, they can not go out upon those lands because they have not the means to acquire the lands; they have not the means to equip the lands; they have not the means to live upon them until they can get a crop from the land. In many instances they have no knowledge of farming; they have no knowledge of the crops that would be necessary to raise in any particular locality, and they have no knowledge of how to prepare the lands, what fertilizers may be necessary for the lands, for the growing of the crops, the

harvesting of the crops, and of still greater importance, they have no knowledge of how to market the crops after they secure them; and before you can get a real back-to-the-land movement you must provide some kind of machinery by which that class of people that have grown up in the cities can secure the opportunity of securing the lands on long-time payments, of acquiring the equipment on long-time payments, of working the lands under the necessary supervision, and the intensive training that might be made available and the means whereby they may obtain the means of livelihood until they can gather a return, and when you are able to get up a comprehensive plan of that kind and have little communities in the agricultural centers in such a way that you can have community life, then you will have, in my judgment, a change in the situation.

Our agricultural system has grown up out of the old pioneer idea. Our forefathers of the country were pioneers; they were individuals. They wanted to hew out their own way, their own destiny, uninterrupted from any source, and they were willing to go out on a 160-acre or a 320-acre tract and rear their families there, coming into contact socially only semioccasionally with their neighbors.

Senator PAGE. Speaking of farming, don't you think that the incentives in the way of social advantages to-day that have been held out to the Vermont farmer and the Pennsylvania farmer, with whom you and I are acquainted, have been such that the boy, as soon as he gets to be 21, or perhaps earlier, says, "I can see a better future for me in the city than on the farm."

Secretary WILSON. Yes; there are more grand prizes in the city than there are on the farms, and there are also more blanks in the city than there are on the farms, and I do not know that it is quite a fair comparison, from my portion of Pennsylvania and your State of the agricultural versus the industrial workers. We are working close to the centers of industry, and we have this advantage, that we are in the territory that is very largely covered by glacial drift, a very cold climate, and there are many portions of the country that those who are striving and struggling with the individualistic spirit and desire to do for themselves are able to delve a meager existence out of, that their descendants are not willing to delve such an existence out of, so that our portion of the country would not be a fair comparison, but when you take the alluvial plains of the Mississippi Valley and make a comparison there you will find a disposition there to a very much greater extent to remain on the farm, where there is an ownership of the farm or prospective ownership of the farm, and where there is, if not an ownership of the farm, where the owner is in a position to rent, than you will find in the part of the country that you refer to.

Senator PAGE. Can you see any hope that the farmer boy, who starts to work at 4 or 5 in the morning and who works until 9 o'clock at night, is ever going to have an 8-hour system in the ordinary country life?

Secretary WILSON. I can not say that I can see the light as yet. There are some lines in which that is coming. Those are the lines in which they are specializing. You take the dairy industry, for instance, and there is a disposition toward making specific hours of labor, but when you come to general farming, such as we engage in to a considerable extent in the East, I can not at the present time

see an improvement, and unless there is some means of seeing the light, the boy, as he grows up, working from before sunrise until after sunset, and seeing other boys in the neighboring towns working eight or nine or 10 hours a day, or a specific length of time, and with a specific period that they can utilize as they will, that boy in the country is going to be somewhat dissatisfied, and will seek employment under the same conditions.

Senator PAGE. Take it in my State, where granite is one of the great industries, our boys work from 7 till 12 and from 1 until 4. They have shorter hours, and while it is very severe work, I can see a great many inducements to the boy to come in off the farm and to get into the quarry where he has a seven-hour day.

Secretary WILSON. You have that problem. You have it in your domestic service, exactly the same problem, and wherever that condition exists, it will be difficult for you to retain your wageworkers.

Senator JONES. Now, Mr. Secretary, I was under the impression that throughout the country, even in the Mississippi Valley and in the Rocky Mountain country, that the boy who is raised up on the farm, either before accumulating any considerable amount of money, and, generally speaking, in a large number of instances, after doing so, that he naturally drifted into these large centers for the purpose of competing for the grand prizes which you speak of. Now another condition. The United States, so far as food products are concerned, is an exporter of food products. In most countries of the world the foods are produced by what you have spoken of as peasant labor. The farms in this country are in the world competition with peasant farm labor. Now, under such conditions, is it the wise thing for us to do to have the Federal Government at this time spend millions of dollars in money for the purpose of increasing the farm products, of which we now have a surplus, I mean ordinarily would expect to have a surplus, so that they might compete with peasant labor of those countries, and would not that have a tendency to make a lot of the farmers in the country worse off than they are?

Secretary WILSON. I think not. I think it will not have a tendency to make it worse and the reason is that the product of the farm is sold in competition with the products of the farms of all the world, and the market price of farm products is determined by the world demand for food. It is not determined solely by the American demand for food. The increasing, therefore, of our production would not affect the selling price of the farm production, except in so far as the relationship of that increased production bears to the total production of the world. To that extent it would affect the price, and to that extent only, and it would be comparatively small. Now, I think that it is a wise policy to pursue. I do not believe there is a country in the world owes any man a living, but I do believe it owes to every man an opportunity to earn a living. All society is artificial, as a means of maintaining our relations with each other harmoniously, we have established certain rules and regulations we call law, governing the possession of property. By virtue of that men have not the opportunity of working when and where they please, as is so frequently said. The wage worker can only work when and where it pleases the man who desires to employ him. And that will continue to be the case unless there is some means by which he can have easy access to the land. And land

is the basis. When a man has a desert or arable land, he has the means of food and of shelter and those are the two great things after all. If a man has food and has shelter, and has a spirit of independence, he can get along in spite of any oppression that may be undertaken by anybody anywhere. And I believe it is a good policy, a wise policy, for our Government to provide the means by which there can be ready access to arable lands as soon as they are available.

Senator PAGE. That is precisely the point I have sought to have you develop. Then this question of developing the farms of the country is not really the question from an economic point of view. It involves the question of giving the human being an opportunity in an independent way.

Secretary WILSON. That is involved in it. I think, personally, we have been giving too much attention to the material things of life in the past sixty or seventy years. We have lost sight of the soul of man, of the spirit of man, in our mad race for the acquisition of the material, and I think it is time that we were changing to some extent and modifying to some extent that ambition on the part of the people. I can recall, as a boy, the school books I read, in which they endeavored to teach a lesson, and all the readers pointed out the poor boy who was struggling and who was persistent and who was intelligent in his persistency, and who, as the result of his intelligence and his persistence, finally achieved great wealth. That was the great goal held out for the boys in the generation gone by, the achievement of wealth. To my mind the achievement of an opportunity of being of service to mankind, is far better and a greater goal than the achievement of wealth; and yet we have been dealing with that theory for the past sixty or seventy years. But the back-to-the-land movement, while it may be a good and wise policy to pursue, and I believe it is, we in the Department of Labor have come to the conclusion a considerable time ago, that it will not meet the immediate situation, that of furnishing buffer employment during the readjustment period. That is the necessary thing. After we meet that demand, the other situation will take care of itself for eight or ten years.

Senator PAGE. Do you think that the equilibrium will be established after a time, between manufacturing and agriculture?

Secretary WILSON. I think there will be a kind of an equilibrium built up between the manufacturer and agriculture. I feel, however, that agriculture is the basis.

Senator KENYON. You do say, then, that, in your judgment, it is necessary to do something in the immediate future of a temporary nature, at least?

Secretary WILSON. Yes, sir.

Senator KENYON. And what have you to suggest should be done?

Secretary WILSON. I had about laid the foundation for that kind of a statement at the time these questions arose. We have felt for a considerable length of time, and one of the divisions of the Department of Labor has been in constant correspondence with the governors of the States, and with the mayors of the respective municipalities, urging them to get back to their regular activities in the production and maintenance of public utilities, such as buildings, sewerage, waterworks, and work of that character. We have been impressing

the same thought upon the governors, particularly with regard to highways and matters of that kind, which are more generally under the jurisdiction of the Government. The Department of Agriculture had made application to Congress for a larger appropriation for assisting in the maintenance of the highways. I believe that is a good buffer employment, the building and maintenance of proper highways. We are behind most of the countries of the world in the building and maintenance of highways, because we have had no great need for them heretofore. Now we have a great need for the building of good highways, as an economic advantage and as a matter for buffer employment, there is this consideration, that the highways extend to the doors of all of our people, and there is an opportunity of employing the returning soldier and the employ of the discharged munition worker in highway development, without taking him very far from his own home.

Senator PAGE. And do you think that he will avail himself of that opportunity?

Secretary WILSON. I think he will in many instances, and in most instances, and in enough instances to relieve the situation. I think we can very readily institute, so far as the Federal Government is concerned, a renewal of our building operations, in the erection of buildings that are necessary—but in the erection of buildings that are unnecessary and in going back to the so-called pork barrel basis, I do not believe, but the erection of buildings that are necessary for the conduct of the business of the Government, the rivers and harbors improvement, to extend aid to the States with regard to road building and the other activities that we had been engaged in prior to our entry into the war, or prior to the European war, when we discontinued because of the necessity of conserving men and because of the necessity of conserving finance.

I think that a program of that kind is an essential program for buffer employment.

Now, my attention has been called to the bill that was introduced by Senator Kenyon, creating a commission for that purpose. The central thought of that bill appeals to me as being a method of securing very prompt action in providing buffer employment. It makes an appropriation of a given amount of money that is made available for a board to expend in the various kinds of work that have already been authorized by Congress. You who are familiar with the parliamentary practice of Congress, know that there is frequently considerable delay between the time when an authorization is made and the time when the appropriation is made, to carry the authorization into effect. There are many authorizations on the statute books now, some of them made by previous Congresses, and if it is possible for the present Congress, so called, to act upon them, they might not act upon them, but I think that this Congress should approve——

Senator PAGE (interrupting). Well, do you expect to terminate your talk with us before luncheon, or will we have an afternoon session.

Secretary WILSON. I am just about through with all I have to say, unless there are some questions that might be asked. I feel that a commission, such as has been suggested, could give live vitality to these authorizations, much more rapidly than could be given to them, coming through the channels of the regular committees dealing with the appropriations for those authorizations.

Senator KENYON. Have you any suggestions to make relative to any changes in that bill?

Secretary WILSON. Yes, although I have not gone into a detailed consideration of them.

First, we have an extensive employment service and it deals with the problem of bringing the man who is out of work and the job that he needs together. We have no power to create a job, and we should not have that power. That power ought to apply to another branch of the Government and the other branch of the Government given that power to develop the new job, and the opportunities for employment ought to have its duties and responsibilities so defined and safeguarded that they will not intrude upon the functions of the services that deal with the services already mentioned. In this section 3, I believe it is, you deal with some of those duties, among others being the stimulation of the municipalities and States in the development of public work for these buffer purposes. Acting under the authorization of the organic law of the Department of Labor, we are already busy with that phase of the work. We are stimulating and doing a very considerable amount of work toward stimulating the cities and the municipalities in the development of opportunities for public work. I do not think that should be interfered with.

I do not think there should be any interference with the work of the United States employment service, and I think that this section 3 should be so constructed that it would not seem to be an authorization to build up another and rival employment service.

Senator KENYON. There was no intention of that, Mr. Secretary.

Secretary WILSON. So I gather from the language of it, but having had some little experience in the development of executive agencies, I felt that I could see a possibility of that if the authority were granted as conveyed there. My idea of a commission would be somewhat different. I think it would safeguard what I had in mind if the Department of Labor were represented on a commission of that kind. I am not insisting upon that, but that is my thought——

Senator KENYON. I think perhaps that that should be done, and the reason why it was not, the reason in not placing the Secretary of Labor on the commission was the fact that this work can not be done without the certificate of the Secretary of Labor.

Secretary WILSON. I observed that in the bill, and yet in the authorization contained in the section I have referred to, there is a possibility of investigation and inquiry which would lead to the building up of a rival organization to that of the United States Employment Service, and if there should be need for that agency that you are proposing to create, then the United States Employment Service we have, should be taken from us and placed under the jurisdiction of this other agency, rather than to have two agencies for one purpose.

My idea of a commission of that kind would be a commission composed of Labor, Agriculture, Interior, War, and Post Office. We should have the Post Office by reason of the fact that the only authority by which the Federal Government has to deal with the roads is the authorization that is contained in the Constitution with reference to military and post roads, and I think that some changes of that kind would be valuable. However, if it is purely as an emergency proposition, it is almost immaterial the agency that is

used, provided that it is sensible and effective; it is almost immaterial the agency that is used if the fund was made available by which these authorizations can be vizualized and vizualized immediately.

There is a need for taking care of the workers for a period of five to six months, at least, between the signing of the armistice and the time when we get into our swing; many reasons, economic reasons; but the principal reason is this:

There is in our country, as there has been in other countries, a portion of our people who not only believe in great social changes, who not only believe that out form of Government is wrong and ought to be changed, but who believe that those changes should be brought about by some processes of force rather than by the processes provided in the Constitution itself. We have some of those people in New York, in Boston, in Philadelphia and in all of our large cities.

They are not numerous, when you take into consideration the total, but in the great mining regions we have a considerable number of them and there is a considerable number of them on the Pacific coast who believe in what they call a revolution, and a revolution not brought about as a result of political action, but brought about as the result of direct action. During the period of the war the Department of Labor has been combating that kind of philosophy. We have felt that the Government of the United States, with all its imperfections, was the most perfect democracy existing on the face of the globe, and it has the means for its own change or its evolutionary development, and while it may be difficult to make changes in the basic law, nevertheless those changes can be made, as has been clearly demonstrated on a number of occasions; that there is nothing to be gained for the workers by the philosophy that has been preached by those people; that ultimately it will mean the injury of the workers.

Let me illustrate: Take one of the organizations that we found had a very strong foothold and has a foothold in the far West, the Industrial Workers of the World. Its basic philosophy was that every man is entitled to the full social value of what his labor produces. That system of philosophy is socialistic. It is that every man is entitled to the full social value of what his labor produces. It is not only socialistic, but it is individualistic. To me it is a trueism that every man is entitled to the full social value of what his labor produces, but the difficulty is that human intelligence has not yet developed a method by which you can determine the social value of any one's labor. So we have not determined in on the old competitive basis, with more or less modification, brought about by organizations of capital and organizations of labor.

But they were not satisfied with leaving it on that basis for their operations. They went further and said "All property is valuable in so far as you are able to secure profit from the property." Well, that is sound economic theory. If no profits can be secured, it becomes valueless.

Then they went further and they said that the way to eliminate the profits from property was to strike upon the job, to "soldier," as we say here in the East, on the work. To use a stunt, as they say over in Great Britain, and by soldiering on the job, and by destroying machines and by destroying the product of the labor,

as far as they possibly could, without being detected at it, they would thereby eliminate the profit and the property would become valueless, and then the workers could take it over and operate it themselves collectively and secure the full social value of what their labor produced. That was the kind of philosophy that they were teaching and are teaching at the present time, and to use force in order to accomplish their purposes. I say that the Department of Labor is battling with that kind of philosophy. We sent out our representatives right into the camps of the workers themselves, men who were workers themselves, and pointed out to the workers that the historical fact was that prior to the introduction of modern machinery, prior to the development of our modern industrial system, when everything that was produced was produced by hand, there was a very much smaller production for the individual than could possibly result from any system of sabotage they could introduce, and in those days there was still profit from the property for the employers; that the result was a lower standard of living for the workers, and if these people succeeded in putting their philosophy into effect, succeeded in getting all our workers to engage in a system of sabotage to reduce the production, the ultimate effect would be that the wage workers would have a lower standard of living than before, and there would still be profits for the employers. We said to them that under our industrial system the employer and the employee had a common interest in the securing of the largest amount of production, having regard for the safety and health of the worker, and opportunities for recreation and employment; with those safeguards that the material welfare of mankind would be better advanced by larger production than by smaller production; that if there was nothing produced there was nothing to divide; if there was a large amount produced there was a large amount to divide; that the interest of the employer and employee was mutual in securing the largest production with a given amount of labor, and the wise thing for them to do was to work out the problem on as equitable a basis as possible.

We were able to meet the philosophy during the period of the war with that kind of a presentation, but if you find a condition such as we are now confronted with where many of them are being thrown out of employment, it will be very difficult to convince a man who has no employment, who has no income upon which his family can live, that there is a mutual interest between the employer and the employee, and that it is to his interest to secure the largest production that he can, when he is not permitted to give any of the labor. So there is involved in it the question of our having the opportunity of working out our destiny by the evolutionary processes provided in our Constitution itself.

Now, I am not an alarmist by any means. I do not look for any social revolution in the United States. Our conditions are very much different from those of any country in the world. But that does not prevent me from seeing the situation as it stands in any of our industrial centers, and if there is a large amount of unemployment and unrest, and if this philosophy will find a foothold, there is a prospect that we will have extensive industrial disturbances, social unrest, and turmoil in our large industrial centers, requiring possibly the use of force to suppress it rather than the use of reason,

and if you come to the point where you have to use force for the suppression of unrest, you are creating a condition where there is a possibility for trouble on other than purely economic conditions, whether the man is entitled to the social value for his labor or not, and for these reasons I am anxious that there shall be a sort of reservoir of employment for the returning soldier and the sailor and the war worker. If that is done, my judgment is we will have for the United States 8 or 10 years of the greatest industrial prosperity we have had in the history of our country.

Senator KENYON. So you think that could be done at this session of Congress?

Secretary WILSON. I think so. I believe, unless an extra session of our Congress is called, we will either have tided over our period of social disturbance or it will have broken upon us, and we will have to meet it.

Senator JONES. I want to say, Mr. Secretary, that I am personally very glad, indeed, to get the information that your department has been disseminating and the very wholesome principles that you have announced, and it is my opinion that the country at large ought to understand what you are doing along that line. I am sure that it will meet with the approval of the country. Now, if you are not too tired, Mr. Secretary, I should like to mention one other phase of this subject. There is pending before a subcommittee of this committee a consideration of what is known as the minimum-wage bill. That bill provides that there shall be a minimum wage for all Federal employees, of not less than 37½ cents per hour, $3 per day, $90 per month, $1,080 per year. Now, if such a law as that were adopted, would it interfere with the cooperative work which, in some of the activities of Congress, is sought to be brought about with the States in this road building; or, in other words, would the adoption of this minimum wage law of $3 a day, interfere with the cooperation with the States in the road building?

Secretary WILSON. Not unless there was a change in the method of making the appropriation from the methods that have been pursued in the past. In other words, the method pursued in making the appropriation has been to authorize the Department of Agriculture to grant aid to the States under certain conditions, so that the people who are employed upon the road are not Federal employees; they are State or local employees, as the case may be, and are not Federal employees, and unless there was a widening of the scope of the bill carrying the appropriation for road-building purposes, that would continue to be the situation. The minimum wage of $3, as I gather it, and I may be wrong as to the extent to which the $3 authorization goes, as I gather it, applies to those who are employed by the Government, but does not apply to those even who are contracting with the Government. At least, I have not so understood it.

Senator JONES. If the Government, then, should undertake on its own account to do any road building, and such a law were passed, would there not be a conflict or discrimination?

Secretary WILSON. There would be a possibility of a conflict and discrimination to the extent that any State or municipality was paying less per day for the labor alongside of the labor employed by the Federal Government. If it was any considerable distance, it

would not lead to any serious unrest. But you take a Federal employee and put him alongside a city or municipal employee, who does the same class of work, and if the city employee is working for $2.50 a day, and the Federal employee for $3 per day, naturally the city employee would be insistent upon getting as much as the Federal employee. That would be the natural effect of it.

Senator JONES. Would you like at this time to give a general expression of your views on this minimum wage bill?

Secretary WILSON. No; I would prefer not to discuss that at this time.

The ACTING CHAIRMAN. The committee will now hear Mr. Blakslee, the Assistant Postmaster General.

STATEMENT OF HON. JAMES I. BLAKSLEE, ASSISTANT POSTMASTER GENERAL.

Senator KENYON. I regret that we have not a great deal of time, Mr. Blakslee, but maybe you can make your statement rather brief.

Mr. BLAKSLEE. All right, I will make it quickly and to the point. I am interested in and advocate the establishment of motor truck service. I do not assert that such motor truck service is an absolute panacea, or the solution of all of the troubles of the Nation. But, I do believe that it can be utilized and that it will aid in the improvement of the national system of distribution, and will be valuable in its effect upon the important questions that are now pending before you for solution.

Senator KENYON. Will it help in solving the present labor situation, Mr. Blakslee?

Mr. BLAKSLEE. It will, Senator, indirectly, for labor will have to be employed to operate the service when established, and to construct and improve the highways on which it will be established, and to participate in the conduct of an efficient system of communication between the patrons of the service. It is essential that there shall be coordination of three functions in the improvement of the national system of distribution, that I propose. The use of the public highway; the placing of modern motor vehicles thereon; and the combination of these elements with some governmental activity already established, that will fimally produce more beneficial results to the people than have heretofore obtained.

I listened with a great deal of interest to the very excellent statement of the Secretary of Labor concerning the reasons for the tendency of rural residents to drift from the farm to the city. From my experience I have learned that a man will remain either on the farm or in the city as he thinks his best interests are conserved—in other words, where he believes he can make the better living there will he be domiciled. If the farmer on the farm makes a better living on the farm, is better satisfied or more contented than he would be in the city, he will stay on the farm. If he can make $10 a day on the farm as over against $5 a day in the city, he will stay on the farm, and so it is with the resident in the city. If a man can make a better living in the city than he can on the farm, he will remain in the city.

Legislation has been suggested which will provide that large tracts of land, developed at Government expense, shall be set aside for the

use of unemployed labor, particularly the returning victorious veteran. All right. This is a very good idea. Again, legislation is suggested that industrial enterprises in the cities shall be encouraged through governmental aid, so that unemployed labor, particularly the returning victorious veterans, may find employment easily. This is also a very good idea. The purpose of the proposed legislation is to induce men to go back to the land as producers or to engage in industrial enterprises as producers, but let me respectfully suggest that if the man who goes back to the land as a producer or the man who accepts employment in an industrial enterprise as a producer can not sell the product of the land or dispose of the product of his industry he will not stay on the land or remain employed in the industry.

Senator JONES. But when a man can get a certain amount of food, while working behind a desk, by purchasing it, he will go out and purchase it.

Mr. BLAKSLEE. Exactly. And that is one of the reasons that I claim that through the coordination of the three functions mentioned we can make life attractive to the man working behind a desk (presumably in a city) through the reduction of his living expenses, while at the same time making it profitable to the man who locates on a farm, through the increase of the income therefrom. Consequently we would find that the tendency to leave the farm for more attractive or lucrative life in the city overcome to a slight degree—perhaps to a very small extent, but, nevertheless, large or small, the tendency overcome.

Now, there has been some reference to the industrial condition during the year 1913–14, when, it was asserted, we had some business and industrial depression. I contend that one of our difficulties was due to the disorganization of one phase of our national system of distribution—in other words, the railroads, through various causes, some authorities asserted that they were crippled through legislative interference; others that there were insufficient funds available for their proper extension or maintenance; others that the cost of operation had increased abnormally in proportion to the increased earnings. Whatever the reasons, the railroads faced a readjustment of operating methods, and, in order to reduce expenses to at or near a parity with income, ceased to purchase equipment and to make repairs; suspended or discharged numerous wage earners who were compelled to seek a living in other industrial enterprises, which naturally were indirectly influenced by the cessation of expenditures for railroad purpose, and, in turn, were compelled to readjust their operations until such readjustment prevailed in every industrial or commercial enterprise directly or indirectly identified with the national system of distribution. The effect of such readjustment was reflected in the reduced activities of the farmer and miner, and the effect in the cycle of readjustment returned to the railroad, where less commodities, merchandise, and foodstuffs appeared for transportation, and the railroads were again about to readjust to meet lower earnings when suddenly there was a shock—war was declared.

Depression ceased and our farms, mines and industries were compelled to increase their productiveness which in turn increased the necessity for additional or extended transportation by rail; so that it was clear to me that the system of national distribution had a very definite effect upon the welfare and prosperity of the nation,

but, gentlemen, the war has ceased, and the question that confronts us to-day is that unless we provide a substitute for the cause of increased industry that was incident to the declaration of war; unless we, through some governmental activity, start the wheels of industry forward, we may see them resume the same cycle of depression that prevailed in 1913–14, and thus around the circle from the largest industry to the humblest farmer, all may feel the effects of readjustment adversely. I am not a pessimist. On the contrary, I am an optimist, and I never assume that a pessimistic fact confronts me without an attempt to suggest a remedy without trying to ascertain what would be the best remedy; what would be the best suggestion to offer that would prevent any collapse even in a small degree of our national welfare and prosperity, and I do not contend that the suggestion I may make is the only one that is feasible, practicable or desirable. Nevertheless, it is one of any number that may be presented, and, in my opinion, one of the best remedies that could be presented; one that will start the wheels of progress forward; one of the best things that could be done and immediately done, would be to improve the highways and, by the inprovement of the highways, I mean to improve them upon a definite, specific system or program. I want to see them improved and improved right. The definite, specific program should include consideration of their use, and of the after cost of maintenance so that they will not cost us more to maintain them after they are improved than it does to improve them.

Now, Mr. Chairman, I submit these facts that in this country to-day 26,000,000 food producers, men, women and children, are trying to feed themselve and 74,000,000 additional American citizens, together with their foreign friends.

At this writing, food, minerals, and merchandise must be transported over, approximately 240 miles of airways, 15,000 miles of canals and inland waterways, 350,000 miles of railways, and 2,199,600 miles of highways.

Airplanes are not as yet practical as an avenue for the distribution of food.

Canals can not be extended to provide any substantial relief.

Railways, on account of fixed location of lines and terminals, can not provide adequate, direct transportation facilities between all producers and consumers.

The highway, efficiently used, offers the only additional means of communication and distribution.

The coordination of some governmental function, such as the mail service, with the motor vehicle on the highway will result in maximum distribution.

No individual, firm or corporation could afford to wait for return on investment for the necessary equipment for highway transportation until production increased in sparsely settled territory, or sufficient revenue appeared through the readjustment of then existing inefficient methods of communication. Whereas, in such localities, revenues from the conveyance of letter mail (a postal monopoly) will usually insure profitable returns from the inception of extended transportation facilities.

Consequently, to improve the method of food distributions in 1919, to reduce the cost of living to the American people, use the highway;

use the motor vehicle, and organize an efficient system of communication and conveyance between producer and consumer.

The 240 miles of airways constitute the only regular airplane service in the world and operates between New York City and Washington. The inland waterways include 3,057 miles of canals and about 12,000 miles of rivers, lakes, and coastal waterways. The 350,000 miles of railroads, together with the airways and waterways, are not sufficient to carry the total tonnage that should be transported through the country. They may carry all that our people must ship, but they are inadequate to transport all that our people want to ship, all that is necessary to our national welfare and prosperity. This was distinctly evident when, during the prosecution of the war, our people's energy was coordinated and the product thereof appeared in the form in which it should normally appear.

Only through the prompt coordination of our transportation facilities by rail and the setting aside of all complicated and restricted methods of operation were the existing facilities of transportation able to convey the output of our national activity and then narrowly escaped a failure to do so. What was abnormal one year ago will be normal within the next five years, and if it was difficult to provide facilities of conveyance then, what may we expect when our development has reached the point where it has fairly outstripped our ability to convey? Consequently, it is essential that a greater and more extensive governmental concern in the avenues of communication and transportation shall immediately appear, for our national existence almost depends upon the Government's concern in the means of transportation. They are as essential to the life of the Nation as are the arteries and blood vessels in a man's physical make-up essential to his life as an individual. No individual would for a moment believe that he should commit the complete control of his arteries to another individual and expect that individual to maintain the same effectiveness in his physical make-up as he will endeavor to maintain himself. A man's brain may provide the incentive of movement; his muscles may provide him with the means of movement, but if his arteries and nervous system are not within his control and cut off by another individual, he would be dead forthwith; and in like manner, we have our natural resources which provide the incentive for industry and our industry is dependent upon the movement of our national resources to where they can be utilized, and when the means of communication or means or movement are not controlled by ourselves, or are cut off, we can not convey our natural resources from the point where such resources exist, and we suffer from a restriction of the arteries of communication and, as a Nation, may be dead.

Now, Mr. Chairman, being an optimist, how shall we meet such a situation and give an opportunity for our natural resources to be freely used by the people of our Nation for the advancement and welfare of the Nation? My answer is that we can do it by improving the efficiency of the national scheme of distribution; by introducing additional facilities of transportation; by locating new arteries of communication, and that is, by using the 2,199,600 miles of available highway in the country. This should not be used in a helter-skelter way, but should be used with modern devices that are almost as economical in their operation as is the modern railroad locomotive and almost as efficient as the operation of steamboats. Now, Mr.

Chairman, the construction and improvement of highways and using them is something that we can do if we want to do anything of a public nature. It is something which would immediately restore confidence, encourage industry, and stabilize business. It is agreed that something must be done; that it should be done at once. Undoubtedly such a program would cost money; in fact, the initial investment would take a huge amount of money, for, of the total mileage of highways throughout the country, only 156,000 miles are highly improved, and of the remaining 2,000,000 miles at least 1,000,000 used by the mail service should be improved.

In the postal service, the collection and delivery of mail on rural routes covers 1,300,000 miles of highway daily, or 412,000,000 miles annually. This indicates that one governmental function utilizes about one-half of the total mileage of the country in the conduct of one feature of conveyance and communication.

The 2,200,000 miles of highways in the country represent an investment of something in the neighborhood of $5,000 per mile, which is probably the average cost of construction of these highways, and consequently we have an investment of $11,000,000,000 in highways in this Nation right now. Under ordinary methods of corporation or business procedure, it would be reasonable to assume that the upkeep, repair, and maintenance of any operation or business in which $11,000,000,000 had been invested would approximate $1,100,000,000 annually. It is doubtful if all the funds appropriated by the several States and by the Federal Government exceed $500,000,000 for the year 1920, and consequently, we have not provided for even the ordinary upkeep of the property represented in the investment, let alone the extension and proper construction of the thousands of miles of highway that should be provided to improve the efficiency in the national scheme of distribution.

Our methods of improvement of the important or burden-bearing highway are open to criticism, for such roads should be constructed in a permanent manner, so that they could be used as properly constructed by ourselves and our children and our children's children, with the minimum annual cost for repairs, upkeep, and maintenance, and these important or burden-bearing roads should be located and constructed with a view toward their utilization not only in the transportation of commodities, foodstuffs, and merchandise, but also with a view to their availability as a factor in the system of military preparedness or national defense. They should be located so as to be useful as an adjunct to the present or existing system of transportation in this country, and wherever feasible should not be competitive, but simply additions or feeders to the transportation facilities that are now available.

Now, Mr. Chairman, I have laid out on this map such an important or burden-bearing highway covering 15,700 miles that would cost $30,000 a mile to construct of material that would last a hundred years, and which would not cost for upkeep more than $5 per year per mile, or not more than $75,000 per year to maintain.

Senator KENYON. Does that highway as you have laid it out go clear across the United States?

Mr. BLAKSLEE. Yes, sir, three times across; and, Mr. Chairman, the 15,700 miles of road that is laid out on the map that I have turned over to the committee is only a tentative suggestion as to the location

of the highway and the names of the communities that would be connected thereby. This can be altered so as to produce the most effective results. The committee of Congress would not necessarily have to follow the line as it appears on this map, because it is there, and it does not necessarily follow that it must be located exactly as it is outlined there, but I think it is valuable in that it includes a visible exhibition of a definite, specific suggestion or program that I present, and is naturally open to amendment or criticism in any way.

Mr. Chairman, I suggest that we use the highways, and through using the highways, pay for the highway.

There are numerous authorities who may appear before you and who can present attractive locations for highways; many others can demonstrate the type of road or the best materials to be used in the construction and improvement thereof, but I have yet to hear of anybody who has suggested any other method of meeting the cost or defraying the expense of such location or construction, except from the proceeds of general taxation or by tapping the Federal Treasury, and I present at least a suggestion even in this direction that might be worthy of careful consideration.

I have used the highways in the transportation of mail by motor vehicle truck, and I am led to believe that there are greater returns in mail transportation on the highways than is possible to any commercial concern or other enterprise that may use them, this due to the fact that the ton-freight rate on first-class mail is $3,000, of which one-third is levied to aid in the prosecution of the war, and the consequent net rate of $2,000 per ton is a higher freight rate than is paid to any corporation or commercial concern for transportation on any other commodity within the United States. It does not follow that other commodities would not be profitable because they are transported at a lower rate, but out of whatever revenues that will appear from the use of highways, through the transportation of commodities, foodstuffs, or merchandise, there should unquestionably be some amount set aside for the construction and improvement of the highways over which the matter is transported. This is just as fair as to set aside a proportion of the revenue derived from the transportation of matter for the upkeep and maintenance of the equipment used in transportation.

Now, Mr. Chairman, there are some specific benefits to patrons involved in the improvement of the efficiency of distribution. Let me illustrate:

A farmer domiciled 6 miles from Leesburg, Va., appears at my office and says to me:

"I am a milk producer."

I inquire, "What do you get for milk?"

He replies, "Seven cents per quart," whereupon I want to know, "At what point did you receive the 7 cents?"

He answered "At Leesburg."

Then I want to know, "What did you get for the milk at your farm?"

He replies, "Seven cents a quart."

But, I assure him, you can not get 7 cents a quart at the farm and also 7 cents at Leesburg, it must cost you something to convey the

milk from your farm to Leesburg and return with your vehicle, either loaded or empty.

He then states, "I never thought of that," whereupon I explained to him that it costs 2 cents per quart to move milk from his farm to Leesburg, and that he received net 5 cents per quart for the milk at his farm, and I also declared that I was paying 15 cents per quart in Washington for the milk he produced on his farm and sold for 5 cents, and that I was not being cheated under the present system of distribution.

An analyses of the operations in this specific illustration of distribution indicate that the cost of milk at Leesburg was 7 cents per quart, transported by electric railway to Thirty-sixth Street and Pennsylvania Avenue made the cost at that point 9 cents a quart. From thence transported by the dairyman to the dairy raised the cost to 11 cents per quart at the dairy, and the treatment in the dairy, where it was pasteurized and deodorized and waterized, and the expense of broken bottles and bad bills included increased the cost to 13 cents per quart, and delivery to my domicile, about 2 miles from the dairy, cost in the neighborhood of 2 cents additional per quart, or 15 cents, the price I paid. Now, if that same farmer would sell direct to me at his farm for 7 cents per quart, or 2 cents more than he now receives, and I could transport the milk to my domicile at the present parcel post rate of 3 cents per quart, including the return of the empty container, the milk would cost me but 10 cents per quart, as against 15 cents, a net saving of 5 cents per quart to me and a net increase of income to the producer of 2 cents per quart.

But, Mr. Chairman, this would result in the elimination of the dairyman, or, in other words, the middleman, and it is not possible to eliminate the middleman in every instance, in fact, but in an extremely limited number of instances, for the reason that on one day my demand for milk will exceed that for the next day or be less than it would be for the following day. And, again, the supply of the producer would be a certain amount on one day, a greater amount for the next day, and possibly a lesser amount for the following day, and to provide for the variation in supply and demand somebody similar to the middleman, or retailer, must continue to do business and is entitled to a return for the service performed, so that, using the same parcel-post method of distribution, we could give this farmer 7 cents per quart at his farm, or 2 cents more than he now receives. Transportation of milk by parcel post to the middleman, or dairyman, at 3 cents per quart, which would make the price at the dairy 10 cents per quart, and allowing the dairyman the same amount that he now receives for treatment at the dairy, or 2 cents per quart, and the same amount that he now receives for delivery to my domicile, or 2 cents per quart, the milk would be delivered to me at 14 cents per quart, or 1 cent less per quart than I paid heretofore. That 1 cent, multiplied by the 700 quarts that I may use per year, is equal to $7 saving to me as consumer per annum, and multiplied by the thousands of consumers of milk would represent a net saving of thousands upon thousands of dollars to all consumers who could be included within the scope of such improvement in the efficiency in the system of distribution of milk, and at the same time the Federal Government would receive 3 cents per quart for the transportation of the milk, which,

if carried in sufficient quantities, would provide not only for the cost of transportation involved, but out of that 3 cents could be set aside a sum of money that could be utilized in the construction, improvement, and maintenance of the highways over which the milk, or any other commodity or merchandise, might be transported.

This same theory practically applied throughout the country, would possibly pay for the construction, maintenance, and improvement of the 15,000 miles of National or Federal highways herein suggested.

Naturally, the organization of a system of communication, or, in other words, the organization of a method whereby we may provide for the commercial convenience of our patron, is a part of the whole program of coordination, the highway, the vehicle, and the service performed thereon. And in the postal establishment, under which such service should be performed, there is included no authority in law to make an alteration of the freight rate on matter perishable, semiperishable, or nondestructible which might be carried.

The parcel post rates are too high to encourage the shipment of potatoes, beets, onion, radishes, or similar semiperishable food products. Entirely too high to include the transportation of alfalfa, hay, corn, or any articles of bulk type, or character, and consequently such a scheme of distribution can not be utilized to the maximum with any such rates of freight as now prevail, but there is no reason why the rates should not be altered, or regulated to the point where the use of a proper device on an improved highway would reduce the cost of transportation of such commodities, and incidentally, instead of the assumed possibility of diverting matter now transported by rail or water, through this avenue of communication, the motor vehicle on the highway, would become a means of feeder to the present rail or water facilities and be enormously beneficial to them.

In Colorado there is a patron who lives 30 miles from the nearest railroad, and has communicated with the department about his desire for the establishment of some system of transportation of produce from his farm to the railroad. It is possible that there are five patrons in his immediate neighborhood, who could be accommodated even as he desires to be accommodated, and it has been suggested that these five individuals might cooperate in the purchase of equipment, and the joint use thereof. It is not always practical to attempt such cooperative activity, for human nature is the same the world over, and jealousy is found in rural, as well as urban territory. One individual feels that another, of the five is benefited to a greater extent than he may be, or if when accident occurs, one party cooperating may believe he is penalized to a greater degree than he should be, for necessary repair, etc. However, it is certain, that all five would have implicit confidence in the honesty of intent of the Federal Government, and would realize that the movement of their products would be accomplished at minimum cost with the same treatment provided for all, and special privilege for no one of them.

We would accomplish two things by the introduction of such service, efficiency in distribution would be accomplished, and this efficiency would be similar to that which appears in modern shop practice, the producer would produce, the conveyor would convey, and the consumer would consume, and no producer or consumer would be compelled to suspend production or consumption in order to undertake

the duties of conveying. And furthermore, Mr. Chairman, by doing this, we could provide employment to thousands of men right now, in the establishment of additional transportation facilities. We could employ additional thousands of men in the improvement of the highways, and I am here to strike a blow for this endeavor, to provide employment for the unemployed, that will not be paternalistic in character, or charity in disguise, but which will be a specific program based upon sound business principles, and which will exemplify that an endeavor is being made to start the wheels of industry and progress forward.

Senator KENYON. And we have the motor trucks, have we not?

Mr. BLAKSLEE. We have the motor trucks and the road making machinery and here are the men and here is a list of applicants who want a job, and we ought to put them to work. Here are the men who are coming back from the Army——

Senator PAGE. What jobs do they want?

Mr. BLAKSLEE. They want the jobs as drivers of motor trucks.

Senator KENYON. How many motor trucks have we now?

Mr. BLAKSLEE. There are about 226,000 motor trucks in the Army——

Senator KENYON. But in this country how many have we now?

Mr. BLAKSLEE. In this country there are about 100,000.

Senator KENYON. Have they ever been used?

Mr. BLAKSLEE. A large number of them——

Senator KENYON (interrupting). But they could be used in this work?

Mr. BLAKSLEE. In a minute. In 30 days I could put a number of them to work if I had the authority of Congress.

Senator KENYON. And if you could have your say with Congress, what would you do?

Mr. BLAKSLEE. I would appropriate $100,000,000 and I would tell somebody to build roads and not to talk too much. That is my story, and I would also appropriate——

Senator KENYON (interrupting). You would appropriate $100,000,000 for roads and put it in somebody's hands——

Mr. BLAKSLEE (interrupting). And tell them to build roads, to build national roads.

Senator KENYON. But you have got to have some——

Mr. BLAKSLEE (interrupting). You have got to have a definite program naturally.

Congressman M. CLYDE KELLY. You would require money to operate a motor truck, would you not?

Mr. BLAKSLEE. Of course. You must have funds. You must have an initial fund, like any business concern to start any business enterprise and attempt to make that business enterprise profitable to the best of your ability. If you feel that you have not done anything more than possibly earned the interest on the fund, you have produced something for the investment. It is not like a proposition where you put an enormous amount of money into a program and get nothing out of it.

Congressman KELLY. And we are losing millions of dollars now by those trucks standing idle?

Mr. BLAKSLEE. We are losing about $4,000,000 worth of tires in 30 days, by allowing motor cars to stand on one spot, with the rubber tires not moving but standing on one spot.

Senator KENYON. You could take those cars to-morrow and put them to work if you had the authority?

Mr. BLAKSLEE. Yes, in a hurry, and the labor is waiting, and all that is necessary for the Government to start something and when you do that, confidence will be restored. Business will begin to pick up, and people will say, "There is going to be something doing, these unemployed men are going to get a job and earn money," and when they earn money, the money is going into the channels of trade, which means into the improvement of general business, and general business immediately prepares for prosperity, and, Mr. Chairman, that is where we start something.

Senator KENYON. I think if you would address the General Assembly you could probably get something through.

Mr. BLAKSLEE. One and one-half years ago, I did get some legislation anticipating this situation through the Senate and the House, and that legislation directed that the Secretary of War in his discretion, turn over to the Post Office Department any vehicles that were not useful for military purposes, and the Postmaster General was authorized to use the vehicles in the transportation of the mails and pay the expenses thereof, out of the appropriation for inland transportation by star routes, a practically unlimited appropriation.

Senator KENYON. What did you do under that?

Mr. BLAKSLEE. I got the trucks, some of them.

Senator KENYON. Are you using them now?

Mr. BLAKSLEE. Some of them, a few.

Congressman M. CLYDE KELLY. How are you doing with the routes that you have now?

Mr. BLAKSLEE. We have for experimental purposes, about 40 routes, but there was no attempt made to put them in in the proper way and make money out of them. In November 1916 one of the routes carried 20,600 pounds of parcel post, that is merchandise and parcels; in November 1917, the route carried 43,000 pounds; in 1918, November, the truck carried 73,300 pounds. I recognize that this is only a little increase, but it is quite a significant increase when you take into consideration the fact that we were handicapped by the regulations which did not permit us to carry matter for less than 1 cent a pound, and we could not transport live chickens or poultry, or any other matter that would injure other mail that was carried. We could not accept a bushel of potatoes, cabbage, beets, or radishes, because the rate of postage was too high, for after you had had added the 1 cent per pound freight rate to the price of potatoes, or similar garden truck, at the farm, there was no possibility of sale at the consequent price of the article delivered; but with the modification of the freight rate, and hauling it in bulk, moving it as they do in England, in a Daimler truck train, with a 200-horsepower motor tractor hauling four or five or six trailers, we could carry as high as 30 tons, or 60,0000 pounds, at a half a cent a pound, which would be $300, for a hundred mile haul, which would be double the cost of operating such a vehicle with the trailers, and with the net income we could build the roads.

Senator KENYON. And it is your theory at the present time to build the roads?

Mr. BLAKSLEE. Yes, not only to build the roads as a business proposition, but to erect a monument or memorial across this country

to the soldier who died for his country, that will be useful, not only during our time, but during the time of our children and our children's children.

Senator JONES. And you would call them "Liberty Highways?"

Mr. BLAKSLEE. Yes, sir; but what I want to see, is a highway, whatever the name, that is a highway.

Senator KENYON. Would it be possible for you to come back here tomorrow, Mr. Blakslee, as the committee has found your matter very interesting, and we would like to have you enlarge upon it, if you will.

Mr. BLAKSLEE. Yes, sir.

(Thereupon, at 12.50 p. m., the committee adjourned to meet at 10.30 a. m. tomorrow. January 31, 1919.)

EMERGENCY PUBLIC WORKS BOARD.

FRIDAY, JANUARY 31, 1919.

UNITED STATES SENATE,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D. C.

The Committee met pursuant to adjournment at 10.30 o'clock a. m. in room 201, Senate Office Building, Senator Andrieus A. Jones presiding.

Present: Senators Jones (acting chairman), and Kenyon.

Also present: M. O. Leighton, on behalf of Engineering Council, Washington, D. C.; James I. Blakslee, Fourth Assistant Postmaster General.

The committee resumed consideration of the bill (S. —).

Senator KENYON. The committee will be in order. Mr. Leighton, we will hear from you.

STATEMENT OF MR. M. O. LEIGHTON.

Mr. LEIGHTON. I come here on behalf of the Engineering Council, and that council is a body appointed by the four national engineering societies, namely, the American Society of Civil Engineers, the American Institute of Mining Engineers, American Society of Mechanical Engineers, and American Institute of Electrical Engineers. We have constituted this body as the consolidation of engineering interests in the United States, and it represents 37,000 engineering individuals, all of whom are members of the national societies, and therefore have been subjected to considerable scrutiny as to their qualifications and general standing in the engineering world. In short, engineers regard the Engineering Council in much the same way, or in a way much akin, to that which lawyers regard the Supreme Court of the United States.

The bill, H. R. 5397, interests the Engineering Council, and interests them professionally only in a few particulars. The council has nothing to say with respect to the employment of labor and labor relief provisions, though of course council will be very glad to indorse and welcome any measure that may improve or tend to improve those conditions and accomplish what this bill seeks to accomplish, but inasmuch as that feature is outside of the engineering province, we will leave that to better qualified bodies.

The suggestions that the council wishes to make will have to be explained in some detail. For many years it has been the hope and ambition and effort of engineers in the United States to see constituted as a part of the administration, a part of the National Government, a department of public works. To that end various societies have been working for forty years, but without any concerted effort.

Engineering Council, which was organized a little more than a year ago, has given its attention to that particular matter and has appointed a committee, known as the Governmental service committee, one of the duties of which will be to prepare for submission to Congress a legislative proposal for the creation of a Department of Public Works; the reason being that the engineering functions of the Government, all kinds of engineering functions, are distributed widely throughout a large number of departments, and the work is not carried on to advantage. There is much duplication, and it is not at all as any man would carry on his individual business. It is expensive, inefficient, chaotic, and altogether at cross purposes with good administration, good engineering, and good execution. So our attention has been directed to this bill by reason of the fact that it constitutes an emergency Public Works Board, and although it is given the name "Emergency Public Works Board," there are distinctive provisions for succession, and the board can continue for years, maybe twelve years, according to the events which may take place.

It has seemed to us that it would be better to constitute some sort of a board to carry out these purposes which would be temporary in its nature and give the engineers of the country an opportunity to present within a short time, as soon as Congress reconvenes, its suggestions with the result of 30 or 40 years' study concerning a Department of Public Works.

Senator KENYON. Will they be ready to present that?

Mr. LEIGHTON. Yes.

Senator KENYON. That is very interesting and I will be glad to see it.

Mr. LEIGHTON. And we will, moreover, present a review of the procedure in other countries, so you can have a comparative view.

Senator KENYON. What is your plan of procedure in presenting that? Is it your plan to present it to some committee or in the form of some bill to be introduced, or how?

Mr. LEIGHTON. My idea would be to present it in the form of a communication to Congress, that is, to the Speaker of the House of Representatives and to the President of the Senate. We merely want some one to look at our plan, because we think it is a good plan.

Senator KENYON. It was not the purpose of this bill to create a permanent board, although the language, of course, might be construed that way. It is merely a temporary matter.

Mr. LEIGHTON. Yes, we so understand it; and our apprehension is not directed to that particular language as much as to the constitution of the board itself, and to explain that, I will have to give you very frankly, but without any animus, the feeling of the national engineering societies, and what we believe to be the feeling of ninety per cent of the engineers of the United States, with respect to the engineer corps of the United States Army. I would not bring personally now from Engineering Council any wanton criticism of the corps of engineers, nor would Engineering Council authorize me to bring any such criticism. I have a most kindly feeling for the Corps of Engineers, and in that corps are some of my best and most intimate engineering friends; but the opinion of the engineering organizations of the country is that while the military engineer has his place in the engineering work of the United States, which possibly

no one can fill quite so well as he, he is not fitted by training and experience to undertake or to carry out the work which is imposed upon him by this bill.

Of course the bill provides that the Chief of Engineers shall be the agent, but we know that the Chief of Engineers can not be the agent and that the responsibilities and activities must be distributed very generally throughout the Engineering Corps.

Senator KENYON. And have you a suggestion as to some substitute in the bill on the board for the Chief of Engineers?

Mr. LEIGHTON. Yes, sir. Of course when we bring in our suggestion as to a Department of Public Works, we shall take up at length the objections to the Engineering Division, and the activities of the Corps of Engineers of the United States Army. For the present we would respectfully suggest that if it be found desirable or necessary to place a military engineering officer on this board to supervise this work, as provided here, that the selection be made from the Construction Division of the Army rather than the Engineer Corps. The Construction Division of the Army is an eminently qualified body; perhaps it has not been called to your attention, but I think if you knew the inside facts you would regard it as one of the most inspiring side lights on war operations in Washington throughout the country. The facts are that this Construction Division is very largely made up of engineers of long training and great experience who entered the corps, probably 95 per cent of them, at great sacrifice, and a majority of whom are willing to stay in the corps for a long period to take care of the work which they have carried on, to maintain and operate the work, and I know personally of several cases in which men who formerly had incomes of from $12,000 to $25,000 a year have deliberately cut down their living expenses, and plan to do so in the future, in order that they might continue to serve the Government, and Engineering Council and all organized engineers, feel that at least the Government should have control, and should have as a part of it, this organization of engineers that has accomplished the greatest engineering achievements the world has ever seen, and made it possible to win the war. It would like to see that organization held intact. This, of course, is not the proper place to advance that evidence, but I suggest if it become necessary to have military supervision that it be placed in the hands of an engineering organization of which the country and the engineers especially is very proud.

Senator KENYON. And that suggestion has been made to me by others, and I think there is great force in it.

Mr. LEIGHTON. Well, I did not know that. I am coming direct from the council. I did not know what has gone on in respect to other suggestions here. In that connection, I would like to read a copy of the resolution passed by the Engineering Council at a meeting held on January 28, 1919.

Resolved, That the executive committee of Engineering Council believes it is highly desirable that the construction corps of the Quartermaster's Department, which has carried out a vast amount of work for the Army with speed and efficiency, should be continued as an organization in order to maintain and preserve the work which it has created.

The underlying thought upon that is that corps passes out of existence 90 days after peace is declared. I would like to present another resolution on the same date by the same body.

Resolved, That the executive committee of Engineering Council believes that for the economical and efficient conduct of the work of civil engineering construction carried out by the Government, there should be created a Department of Public Works as a permanent organization.

Our idea being that the construction corps of the Army has the nucleus of the Department of Public Works. Now these are the amendments that council wanted.

Senator KENYON. These are suggested amendments to this bill?

Mr. LEIGHTON. Yes, sir; they are on page 1, line 4, to strike out the last three words and all the remainder of the section and insert the following or its equivalent:

An officer of each of the Departments of War, Interior, Treasury, Agriculture and Labor, one to be designated by each of the heads of the departments herein named; said board shall perform the duties herein prescribed during the present period of demobilization and readjustment, and until such time thereafter as Congress shall declare otherwise.

And on page 3, lines 23 and 24, to strike out the words: "Chief of Engineers of the United States Army" and insert the words "Secretary of War." Then on the same page, line 25, strike out the words "Secretary of War" and insert the word "he."

On page 5, line 7, strike out after the word "upon" through to the word "inspect" on line 8, and insert the words "the bureau or other agency of any Federal department best qualified by training and experience to."

On page 6, strike out lines 21 to 23, inclusive, and insert:

Section 8. That the Board is hereby authorized to call on the bureau or other agency of any Federal department best qualified by training and experience to.

Then at page 7, line 2, strike out the words "Chief of Engineers" and insert the words "bureau or other agency so designated."

Now if I may have just another minute. The amendment to page one and section one provides that the emergency Public Works Board shall consist of an officer of each of the Departments of War, Interior, Treasury, Agriculture and Labor.

Senator KENYON. Now, the reason that the Department of Labor was left out was that this work is only done when the Secretary of Labor certifies that it is necessary for the purpose of relieving the surplus of unemployment——

Mr. LEIGHTON. We have no pride of opinion concerning that, but we suggest the other departments because the activities which will be taken up under this bill, if passed, are at the present time activities within and center about the working forces in those departments, and we merely put in the Department of Labor, I expect, to make a Commission of five, and because labor has so large an interest in this bill.

Senator KENYON. You would not recommend then that the appointment should be made by the President?

Mr. LEIGHTON. We have no special antipathy toward it. Our idea is you have already created within the department extra agencies which can carry on that work to the best advantage, and a board created in the way suggested is far easier to demobilize when you wish to provide some other agencies, such as a Department of Public Works.

The amendment at the bottom of page 3 is to enable the Chief of Engineers of the United States Army to proceed with the construction and repair of roads, and simply places the Secretary of War as a presiding official there and enables him to select his own construction corps, which has constructed thousands of miles of roads, if he so chooses. Our amendment on page 5, line 7, is really the fundamental thing, that the board may, however, call upon "the bureau or other agency of any Federal department best qualified by training and experience to inspect the progress of any public work.

Senator KENYON. How does that read?

Mr. LEIGHTON. He may call upon the Chief of Engineers of the Army to inspect the progress of public work. For example, the public work under construction may be public buildings, and the architect of the Treasury may inspect that, or it may be the improvement of arid lands or swamp lands, and that would come under the reclamation department of the Interior Department. And that suggestion is repeated on page 6, lines 21 to 23, that "the board is hereby authorized to call on the bureau or other agency of any Federal department best qualified by training and experience," and the amendment is completed on page 7, line 2, by striking out "Chief of Engineers" and inserting "bureau or other agency so designated."

Senator KENYON. Of course, if the first amendment is made the others would not be necessary.

Mr. LEIGHTON. No; that is practically all we have to offer.

Senator KENYON. I am very much obliged to you.

Mr. LEIGHTON. If I may just have 15 seconds, one of the practical difficulties of this bill would be that if the Engineering Corps were appointed to pass upon the practicability and usefulness of State and municipal public works, the civilian engineers of the country would not work to advantage with the military engineers, and this is only one of a series of instances in which the militarization of engineering work in the country is now being attempted.

STATEMENT OF HON. JAMES I. BLAKSLEE—Resumed.

Senator KENYON. Now, the Senators who insisted on having you return to-day, Mr. Blakslee, are conspicuous by their absence, but we will go ahead and get some of this in the record anyhow. We were anxious to hear more about your experiments with this motor truck proposition. You had some in Washington here, I understand.

Mr. BLAKSLEE. Yes.

Senator KENYON. Tell us about that.

Mr. BLAKSLEE. One of these routes was established in the latter part of 1915, and under a form of legislation that was not in the last word desirable for such purposes. It was legislation that was enacted to provide for the use of motor vehicles in rural delivery, which legislation stipulated that no rural route should be operated under the legislation less than 50 miles in length, nor should the pay to the carrier be more than $1,800. The first route was established from here to Leonardtown, Md., a distance of 57 miles, which was beyond the 50-mile limit, and the compensation of each of the two carriers employed was $1,800.

That route carried mailable matter from here to Leonardtown and return and to and from the post offices located between here and Leonardtown. I have a letter in my files dated April 18, 1916, from the postmaster at Washington, D. C., showing that that truck on this route brought in something in the neighborhood of 258 letters and 10 pieces of parcel post. The postmaster considered this amount of mail very encouraging at that time. I read to you yesterday the amounts of mail carried on this route, which is located and operated just exactly the same as it was in 1916, except that it has been extended a few miles to Rock Point and Scotland, Md. The exhibit showed the increase in the same month, November, in 1916, 1917, and 1918, and in the month of December, 1918, it conveyed 104,000 pounds of parcel post commodities, or more than 2 tons per earning day. That was the first route established. The postage paid on the parcel post mail paid the entire expenses of the route without any of the earnings from first-class or letter mail being included, indicating that if some similar routes were established throughout the country in similar localities they would naturally produce the same return as this route, and at the same time would afford the people an additional avenue of distribution.

On that route and four other routes radiating from Washington, about 20 postal employees, including myself, purchased 32 cases of eggs, during a period of eight weeks, and saved $144 on the price of the eggs as compared with the current price in local Washington markets, or $7 per individual. Oysters are conveyed on this first route by the quart and delivered to a community center in Washington. For the oysters the community pays 40 cents a quart, including postage, as against 80 cents a quart, the price charged in the local market, and remember even at that there is not a fair comparison, for in the oysters bought on the local market 50 per cent of the standard quart is oysters and 50 per cent is fluid, or water, and the oysters sold at 40 cents per quart are real oysters, not water, and all with postage paid on the oysters and container inbound and the postage paid on the empty container outbound.

Senator KENYON. You bring that to a community center here, do you?

Mr. BLAKSLEE. Yes, sir; and to our own little postal community of 20 people and to the Park View community center. The underlying principle is that if we can do this in Washington, if we can do it for a limited number of people, why can it not be done for a larger number of people, and, if so, why should we not experiment in the system of distribution and marketing that may prove materially beneficial everywhere.

Senator KENYON. And this bill before the Senate now appropriates $300,000 for that?

Mr. BLAKSLEE. Yes; and it is wholly inadequate, and I do not want to fool with jitney money any longer. I am over the day of trolley car fare. I want to do something really constructive that will bear the light of close, careful, conscientious analysis. I tried that $300,000 last year to demonstrate the fundamental principle that something might be done.

Senator KENYON. And do you think that you did do it?

Mr. BLAKSLEE. Yes; I believe that I proved that there is merit in my proposition and all the open or concealed opposition will not

make me recede from my belief, nor abandon the fundamental opinion that our national system of distribution should be and can be improved. Yes; we also demonstrated the fact that you could put the radiator of one truck behind the tailboard of another and could cover a long distance, and it also demonstrated at the same time that if you place motor vehicles on decent highways you can save money to the consumer and increase the profits of the producer.

Senator KENYON. And you think that this $300,000 would be practically of no use?

Mr. BLAKSLEE. No; personally I would rather have nothing. It is of little use. The reason for that is, that it is hardly sufficient to properly equip the necessary distribution facilities in the vicinity of one large town.

Senator KENYON. And the experiment under the preceding appropriation has been made and it has established a principle, and that is the principle that you now want to carry out?

Mr. BLAKSLEE. Yes, sir; I want to extend the principle in all the urban territory as it was demonstrated in this one locality; in fact, I want to try the same thing in 600 places in the United States. There are 6,000 where it might be applied.

Senator KENYON. And the cost would be what?

Mr. BLAKSLEE. Six hundred properly equipped routes would cost $8,700,000 using the army trucks and the former army personnel to operate them. If we had to buy the trucks it would be more——

Senator KENYON. And you have the trucks?

Mr. BLAKSLEE. I should say so.

Senator KENYON. And it would at the same time give employment to many of the returning soldiers, would it not?

Mr. BLAKSLEE. Yes; it would give employment to at least 5,000 of the returning soldiers.

Senator KENYON. To 5,000 of the returning soldiers?

Mr. BLAKSLEE. Yes, sir.

Senator KENYON. And did you ask for that appropriation——

Mr. BLAKSLEE (interrupting). I did before the House Committee on Post Offices and Post Roads, but between the time that the request was before the House Committee and the Senate Committee on Post Offices and Post Roads the report of certain postal inspectors who investigated this service and found numerous delinquencies in it—derelictions, as they call them, many of them minor, on the experimental routes that had been in operation less than six weeks. They found some derelictions in the operation of these routes and upon the findings they recommended to the Postmaster General that—

> At best the motor-truck service can aspire to recognition as another and very expensive instrument of public utility awaiting the test of time and need

Senator KENYON. Has that report been published?

Mr. BLAKSLEE. It is published in the hearings before the Senate committee.

Senator KENYON. And that report was adverse?

Mr. BLAKSLEE. It was not entirely. It was a very astutely worded report. In some place it stated that there should be a few of these routes retained for experimental purposes. It did not condemn it completely, but the report also used the language:

> That at best the motor-truck service can aspire to recognition as another and very expensive instrument of public utility awaiting test of time and need.

I will object to that to the last day I live. I maintain that for short haul it is just as cheap as railway mail transportation, my attention having been invited to this particularly by this self-same committee. Previously I thought that railway mail transportation was much cheaper for short hauls up to a distance of 100 miles, but the motor-truck transportation for a short haul is as cheap, if not cheaper, than railway mail service. However, to establish that, it is essential that competent statistical experts prove my contention. I do not profess to be infallible.

Senator KENYON. Were you before the Senate Committee on that?

Mr. BLAKESLEE. Yes, sir. After the hearing before the House, the report of the committee of inspectors was submitted, and the Senate Committee gave me an opportunity to be heard on the report.

Senator KENYON. Your report is made by inspectors of the Post Office Department?

Mr. BLAKSLEE. "Ten competent inspectors" who "wholly agreed, can not be wrong on a mail-service proposition."

Now this infallible committee declared that a large 5-ton truck was at the time of inspection operated between West Chester, Pa., and New York City, N. Y., and that "the cost of this heavy truck is about $0.2726 per traveled mile." The fact that no such 5-ton truck did operate between the points named could not be offered as a defense against the declaration because the committee "wholly agree, can not be wrong." Therefore, the committee's statement that it did so operate must be accepted. It was so because the committee said so. That is their statement. Then they go on to say——

Senator KENYON (interrupting). What points was that between?

Mr. BLAKSLEE. West Chester, Pa., and New York City, N. Y., and we used an Army truck between these points to haul nothing but mushrooms.

Senator KENYON. You did have an Army truck on there, did you?

Mr. BLAKSLEE. Yes, sir; we used two Army trucks on that run, and they were used for the purpose of ascertaining whether we could haul mushrooms, only, at a profit to the postal service, at the postage rate that prevailed thereon to New York City and to return the truck empty.

Senator KENYON. And what did you find out from that?

Mr. BLAKSLEE. The inspector said that the cost averaged about $1,900 a month and that we received about $1,300 in receipts. The actual facts were that, on the mileage we covered, the cost was $1,500 a month, as against $1,308 receipts, and we therefore lost $120. However, we could have cured that by reducing the number of miles that truck traveled. The truck covered in a roundabout way about 275 miles, while it could have traveled a more direct route of 224 miles, and had it done so, we would have expended less than the amount we received. I am only trying to demonstrate that, given time and a decent appropriation, I could swing this thing.

Senator KENYON. How many of these motor trucks have we now in this country?

Mr. BLAKSLEE. In the Army?

Senator KENYON. Yes.

Mr. BLAKSLEE. Senator, there must be 100,000 of them of all varieties.

Senator KENYON. I did not include these passenger automobiles that we see around here?

Mr. BLAKSLEE. They are just as good as any other motor vehicle, fitted with the proper body, for the transportation of merchandise and foodstuffs.

Senator KENYON. I did not include those that have been used to haul these officers around and their families.

Mr. BLAKSLEE. Well, they may be more useful for that purpose.

Senator KENYON. We have anyhow around 200,000.

Mr. BLAKSLEE. If you want to find out about the military motor truck——

Senator KENYON. I mean the kind that you would use in this work?

Mr. BLAKSLEE. Senator, if this record is accurate, there were on hand October 31, motor trucks all sizes 80,000; motor trucks on contracts for delivery during November 13,987; motor trucks under contract for delivery up to March 1, 1919, not then delivered but orders not canceled, 36,938. These are motor trucks. Now there are in addition to that passenger vehicles and motorcycles. Of course, many of these units are abroad.

Senator KENYON. These motor trucks are the kind of trucks that you could use in this work.

Mr. BLAKSLEE. Yes, unquestionably.

Senator KENYON. Do you know how many of these are needed for the army?

Mr. BLASKLEE. I could not say. Their needs will be based upon what may occur in the way of legislation to continue the military establishment.

Senator KENYON. But there will be a surplus of motor trucks?

Mr. BLAKSLEE. Probably 18,000 or 20,000, and we might use them in this suggestion or the other proposition to improve the roads—one is absolutely dependent upon the other. It is as essential to the successful improvement of the national scheme of distribution that all the factors thereof be coordinated, as it is that efficiency appear in production, consumption and conveyance, which are influenced by distribution. In production there has been great progress made to improve the efficiency thereof. The Department of Agriculture has been spending thousands of dollars in meritorious and successful endeavor, but when the producer is compelled to suspend production and begin conveying, it follows that it is one of the wasteful things that he does on account of its effect in decreasing the efficiency of production. In the art of conservation in consumption, the same thing is true. We have had pretty drastic instruction recently in the art of conservation in consumption through meatless, wheatless, heatless days, and as the result thereof, the country is in a more saving humor than ever before, and some of the people have learned the art of conservation in consumption, and are taking care of the little savings that make for large economies. But where they are compelled to go to the expense of sending their vehicles from a city out into the country to purchase articles at the minimum price, they are suspending conservation in consumption to assume the obligation of conveying, and thereby lose time and waste money.

Now, my idea is that in a properly coordinated, properly organized system, we must let the producer produce, the consumer consume, and

the conveyor convey. Give each function its proper work to perform and see that it is performed efficiently, and, to do so, I propose a method whereby the conveying can be taken care of. I learned long ago in business that there are only two ways in which a man can make his business successful. He must increase the profitable income or reduce the expenses of operation. The present tendency is not to increase the profitable business but to reduce the expenses involved in the development of our national activities. Some say let us decrease the expenses of production and thus reduce the cost of living. How shall we reduce the cost of production? Shall we take it out of the labor involved, or of the material used? When you start to reduce the cost of living solely at the expense of labor, we are going to get into trouble. When we try to reduce the cost of living by lowering the price of food stuffs and minerals solely at the expense of the producer, the producer complains that he is compelled to pay more for land, for fertilizer, or for machinery, essential equipment, etc.

There is only one thing we can do about which no one can complain, no person feel resentful, and that is to increase the efficiency of the system of distribution, cut out the useless and wasteful operations involved therein, cut out the numerous handlings that are unnecessary, and thereby we will begin to economize at both ends. We will protect the producer, and give the consumer an opportunity to buy at the same or lower prices than now prevail. At the same time you will keep labor employed and contented. The weakest link in the chain of production, consumption and conveying is found in the conveying. It has been indicted and convicted times without number, and I propose to struggle along that line of improving the efficiency of conveying or distribution, and I am not going to worry about what effect it might have on any other present methods of conveying or transportation incident to the prevailing system of distribution, as I feel sure that the proposed method will be materially beneficial to them.

Senator KENYON. Do you think that there are worries of that kind that would make it difficult to bring it about?

Mr. BLAKSLEE. Of course. In this country there is a type of citizen who stands in the way of every definite suggestion of progress and development, not because such a citizen would gain or lose through suggestions that would promote progress and development, but because they are constitutionally framed that way. And that goes with some railroads. Some railroad managers are possibly fearful that the introduction of another type of transportation will interfere with the profitable operation of the railroads. But the real fact of the matter is that this plan operating in conjunction with the railroads would deliver to them tons upon tons of freight that they do not haul now, and would increase the profitable operation of their business.

I have come here to-day, Mr. Senator, under the impression that you are interested in a definite suggestion of how we can get somewhere at once, based upon the statement of the Secretary of Labor yesterday that there was an increase of unemployment in this country, a startling increase, and that the Congress had to do something to alleviate the condition. That is what I came here for and I did not come here with a bunch of hot air. I do not want to make a noise only, or to present something that is utterly visionary or impractical. I come before this committee of Senators as I would before any committee of Congressmen or citizens, and present to them, not to criti-

cise, conditions that confront us today, because if I criticised I would be only a demagogue, but I want to offer a remedy for the conditions that some one else declares confront the nation, and I am here prepared to offer a remedy and not to criticise anything. I know that as a nation, we have a string around our throats in so far as the capacity of transportation facilities prevail, and I want to ease the string a little, and in the easement I want to use the highways, and I do not want to use them next week, nor next year, nor the next century, but I want to use them now.

Senator KENYON. And the use of a highway is fundamental?

Mr. BLAKSLEE (interrupting). Yes, sir.

Senator KENYON. And you would use the highways in order to establish this new method of distribution?

Mr. BLAKSLEE. That naturally must be coordinated and organized in a systematic manner——

Senator KENYON. By the use of a motor truck?

Mr. BLAKSLEE. By the use of a motor truck or by the use of any other vehicle that can be used efficiently thereon.

Senator KENYON. And as an instrumentality of the Post Office Department?

Mr. BLAKSLEE. I do not offer it as a Post Office Department instrumentality alone. I have proposed it in the Post Office Department because there is an effective organization there that could put this in more quickly than any other organization that I know of.

Senator KENYON. And that is the quick way to do it?

Mr. BLAKSLEE. That is the quickest way to do it because the Postal Service has a system of rates of transportation established and depots and places of interchange of commodities.

Senator KENYON. And you have a surplus of 20,000 motor cars now?

Mr. BLAKSLEE. Yes, sir.

Senator KENYON. Now, as to the question of what road; this plan of yours is dependent on good roads?

Mr. BLAKSLEE. Not altogether; no, sir. Not altogether by a long shot. The more improved the road is the more efficient the operation will be, but it does not signify that if the road is not improved you can not operate. You can operate more efficiently where the road is good, but there is no reason because a road is bad for three weeks in the year that you should suspend business for the other 49 weeks.

Senator KENYON. Now, how far could you go with these 20,000 vehicles? How much of the country could you cover?

Mr. BLAKSLEE. You realize that 20,000 vehicles might transport forty or fifty thousand tons of foodstuffs and merchandise a day. It would cover naturally a large area of the country not now provided with rail and water transportation facilities.

Senator KENYON. You say that they would transport 40,000 tons of foodstuffs a day?

Mr. BLAKSLEE. Yes.

Senator KENYON. How far?

Mr. BLAKSLEE. One hundred miles. Now, Senator, there are localities where they can be used which we have not developed to ultimate capacity if at all. We have not attempted to experiment

even in a systematic manner anywhere west of the Mississippi River, and there is located the greatest producing section of the United States.

Senator KENYON. Where have you conducted your experiments, Mr. Blakslee?

Mr. BLAKSLEE. From Portland, Me., to Montgomery, Ala., east of the Mississippi River and one little lonesome route in Missouri west of the Mississippi River, in territory where there was competition in transportation. Nevertheless, the service was located where it is for the definite purpose of ascertaining whether we could improve upon the system of distribution as located, and, as I believe, we have found that we could, even though it is only in operation a few weeks.

Senator KENYON. And your system has resulted in a higher price to the producer for his product at a less price to the consumer?

Mr. BLAKSLEE. Exactly.

Senator KENYON. Can you give any concrete examples of that now?

Mr. BLAKSLEE. Well, there is a community center established at the Park View School in Washington, D. C.; it was established under the auspices of a community of citizens under methods and rules adopted by them, I myself taking this position, that the organization and its activities represented only a detail in the system of distribution; it was one of the things that might develop in a nation-wide method of community buying; and that that community center simply replaced the middleman, and that it would have to meet the expenses that a middleman would have to meet through the economies it would secure for the patrons of the center. It might develop into a stupendous national asset and its value be demonstrated beyond question of doubt.

Senator KENYON. Do you mean to say that that is going on to-day?

Mr. BLAKSLEE. Yes, sir; and the community does a business of $500 a day on articles secured through motor vehicle service.

Senator KENYON. Where is that?

Mr. BLAKSLEE. In northwest Washington, D. C.

Senator KENYON. And is it operated through the schoolhouses?

Mr. BLAKSLEE. At the schoolhouse, which is likewise a postal substation and the community center.

Senator KENYON. And the consumer calls for whatever he buys——

Mr. BLAKSLEE (interrupting). Yes, sir; the theory being that the consumer will walk seven blocks in a city to convey his own purchases. I have been informed that the consumer limits his drayage capacity to that distance.

Senator KENYON. And do you bring in this produce from community centers in the country?

Mr. BLAKSLEE. Yes; but there is only one such rural community center around here.

Senator KENYON. And that you have people who go and buy these commodities to the extent of $500 a day? What are the roads that they are using, leading in from where?

Mr. BLAKSLEE. They lead in from five different directions in the vicinity of Washington.

Senator KENYON. And do you have community centers at the place where you get them?

Mr. BLAKSLEE. Only on one read, Senator, there one center has been established, and that is a center where there are 300 farmers

in a township where there was no post office and no way in which they could transact business directly with city consumers, and they organized a center, using the school district as a common concentrating point, and they hired one school-teacher as clerk, and thus 300 farmers through one agent do business with 1,000 city consumers also represented by one agent.

Senator KENYON. Did you make that a post office?

Mr. BLAKSLEE. We made the rural schoolhouse a rural station as it was located on the line of a motor-truck route.

Senator KENYON. And the farmers bring their products in——

Mr. BLAKSLEE. Yes, sir.

Senator KENYON. And your motor truck brings the products into town?

Mr. BLAKSLEE. Yes, sir; that is the plan or program upon which that is established.

Senator KENYON. Is there a surplus of production? Is there anything left over?

Mr. BLAKSLEE. I do not know personally, but Mr. Kelly—a Congressman personally interested—might be able to tell you.

Senator KENYON. I would like to know more about that.

BLAKSLEE. It is a remarkable thing. There are 400,000 such schoolhouses in the United States, and I am almost afraid to begin a discussion about it, on account of the possibility of a wave of sentiment for it that would overwhelm our capacity to accommodate the demand. One might get foolish with the many different suggestions that appear daily, and I do not propose to travel too quickly into the unqualified indorsement of a proposition of this kind. Now, Senator, I know that this idea is a detail in the system of marketing and it has merit, but I am not going to indorse it without reservation. As yet there are other suggestions that may also contain merit as, for instance, there is the suggestion that we may be able to compel the middleman to be decent, and I know how much the control of a system of transportation is a factor in whether the middleman can profiteer or not, and through control of transportation we may reach some profiteers, and through this system of conveyance or distribution we may possibly make the middleman more inclined to play fair, and it also may be true that, through such community centers, we can compel the profiteer to give us a square deal.

Now, Senator, during the five years in which I have been studying this question and while I was doing everything I could to demonstrate the feasibility and practicability of the plan, the Congress enacted legislation, effective July 2, 1918, authorizing the Postmaster General to conduct experiments in the operation of motor vehicle truck routes, primarily intended to conserve food and facilitate the collection and delivery thereof from producer to consumer, and having been designated by the Postmaster General to organize the details incident to the experiment, I proceeded to do so without delay.

In fact, sincerely believing that the complete organization of an improved system of distribution would conserve food, would facilitate the collection and delivery thereof, would reduce the cost of living to a limited extent, would employ many of the unemployed, and would become a valuable adjunct and feeder to existing facilities, I hastened to establish the fundamental or primary connecting links of a complete system, not by any means the last word in even the

fundamental or primary operations, but sufficiently clear to use as illustration of proposed program and naturally to anyone not entirely familiar with the ultimate object of our endeavors somewhat vague and confusing. However, as a postal proposition, the experiment followed all the laws, regulations, precedents, procedures, and customs incident to the conduct of the postal establishment, including limitations in parcel-post weights, rates, wrapping, and packing regulations, which were in many instances somewhat restrictive, and handicapped the complete success of the experiment. The Postmaster General was impressed by my enthusiastic representations of the possibilities of the proposed service, but was properly careful and conservative as to his personal indorsement of it, and, consequently, selected a committee of inspectors, some of whom were recognized, through long affiliation with postal activities, as competent to conduct an investigation of any postal proceedure and present a report or analysis of their findings. I do not hesitate to assert that this committee was qualified as postal experts, but, as before stated, concerning anyone not thoroughly acquainted with ultimate object of experiments, being unfamiliar with the ultimate object of the preliminary endeavor, were unable to visualize the prospective benefits from a patron's point of view, and their report, when submitted to the Postmaster General, confirms this assumption. Within the report appeared certain declarations, deductions, and summaries that were based on inaccurate and incomplete information and misleading methods of calculation and computation. Whereupon, after a careful review of the contents of the report, I called upon five experts from the Treasury Department to analyze the methods of accounting as suggested by the inspectors and as pursued in my office, with the result that the method as proposed by the inspectors was in error. Again, I called upon Hon. Joseph Stewart, a former Second Assistant Postmaster General, and a recognized authority on the cost of transportation of mail by rail, to review the declarations of the inspectors as to the relative cost of hauling mail by truck as over against the cost of haulage by rail, and the office of Mr. Stewart confirmed my contention that the inspector's computation of comparative costs was inaccurate.

I invited the attention to previous favorable recommendations by members of the committee on the plan and the possible benefits to be derived on specific proposed routes and the committee of inspectors asserted that emphatic favorable declarations in former reports about "increased postal business," "increased production" and "improved service" had been made because "We well knew that the Postmaster General was deeply interested in what was termed the 'farm-to-table' movement" and that "it was logically concluded that if some favorable reports were not made, the proposed service would never have a trial."

Whereupon, in view of the apparent fact that there was an exhibition of fallacious methods of accounting, of incorrect basis of comparative costs of operation and of contradictory recommendations by the same inspectors on identical service, I could arrive at no other conclusion than that a blow had been struck at the great general proposition to improve the national scheme of distribution by the coordination of the highway, the motor truck and the mail service.

That is my belief. I believe the report did strike a blow and it was only one of a number of blows indicating opposition. I never knew of anyone worthy the name who, conscientiously convinced of the fundamental merit in what he believed was right, was not willing to meet opposition, fight for what he believed to be right, and I hope that you will get behind this thing and do everything in your power to improve the national system of distribution, or we may find ourselves up against the situation so well portrayed by the Secretary of Labor that there is a crisis confronting the country and that something should be done at this session of Congress.

Now I come to you with a specific, definite program, which is in harmony with and in addition to the proposition included in the Post Office bill now pending in the Senate, and introduced by Senator Bankhead for construction and improvement of highways, and for increasing the amount of money——

Senator KENYON. To two hundred million dollars.

Mr. BLAKSLEE. To be expended in five years, and in this year there will be spent about one hundred million dollars.

Now, Mr. Senator, what does that mean? Does that mean the employment of labor right now? I doubt it. Those who expend it will have to go out and discuss the matter with a number of State commissions. They will have to organize some projects and look up some localities where they are going to do business with this money.

Senator KENYON. Under this bill they can put in these highways initially?

Mr. BLAKSLEE. The highway commissions of the various States will spend this money regardless of mail routes. I have no criticism to offer to that. It will be one hundred million dollars worth of good roads, two hundred million dollars worth, in fact, because the States must duplicate the Federal hundred million, and it will surely be a worthy project and I am for it strong.

Senator KENYON. I think that it is the biggest kind of a pork barrel proposition.

Mr. BLAKSLEE. The State commissions being the artists that manipulate the barrel as you may think. Nevertheless, here is the story: It has its value in this, that it contributes to the general movement for the construction and improvement of the highways. As I tried to explain yesterday there are eleven billion dollars invested in highways. It is the people's investment. Your constituents went out with picks and shovels and roadmaking tools and machinery and they constructed eleven billion dollars worth of highways. And for the upkeep or improvement of the property represented by the investment, all of the amounts appropriated by all of the State and the Federal Government put together perhaps would amount to four or five hundred million dollars. A railroad would not do a business like that. If railroads had made a billion-dollar investment, do you suppose that they would not put one-tenth of that amount in the upkeep of the road bed and the equipment of the railroads? And here the people are expecting about $500,000,000 to improve and extend $1,100,000,000 worth of highways. Why we are not going to scratch the surface.

I say, having an investment of that kind, we ought to provide the greatest amount possible as security for that investment, and to do so

in one small way we ought to build at least one stretch of road that would be known as the National and Federal Highway, a real highway, that would last for more than a hundred years and would cost not more than $5 per year per mile for its upkeep after that. How shall we do it? Some people object to the expenditure for construction and improvement of highways either by Federal, State, or local authorities on the theory that the benefits are not apparent to all who pay the taxes—that it is of greater benefit to the individual who lives right on the road, increases the value of his property, etc., more so than to the taxpayer who does not live on the road that is improved. The city resident always favors money derived from general taxation and expended on municipal streets, lanes, and alleys, but strenuously objects to the use of such funds on country roads. Likewise, rural residents object to money spent on city streets that is derived from general taxation. There is a lot of human nature exhibited. Consequently let us try to establish a new basis upon which to defray the cost of construction of highways. Let us endeavor to make those who use the highways pay for the highways——

Senator JONES. Just in a few sentences let us know what your plan is for making the users of the road pay for the road.

Mr. BLAKSLEE. Why, Senator, for example, we will say that the Post Office Department uses 1,300,000 miles of road in the conduct of its business, that is, transports valuable mail matter upon which revenue is earned over 1,300,000 miles of highway daily, or 402,000,000 miles annually. The Post Office Department, in my opinion, is under a moral obligation to participate in the cost of construction and improvement of the highways that it uses in the conduct of a business enterprise, profitable or unprofitable, and should remunerate the owners of such highways (the people who constructed them) in some form such as a percentage of earnings, deposited in the Treasury of the United States for use in the construction and improvement of roads used.

Senator JONES. And would you keep a separate account of each road?

Mr. BLAKSLEE. Yes, especially of the earnings and use of a National or Federal road and of a road where the National and State Governments participate in expense of construction, but as for a State road built and paid for and used only for local purposes, it would not be necessary to keep records except in so far as——

Senator JONES. Tell us how the Government would pay its share, and how would you have the individuals use that road?

Mr. BLAKSLEE. Here is the proposition—tentative, indefinite, subject to every kind of critical opposition, but nevertheless a proposition:

The Government using 403,000,000 miles of highway annually, should pay, say 10 cents per mile, per year, or $40,300,000, and then some, for there are people who will assert that the use of the road in wear and tear, and necessary maintenance, to insure the celerity of travel and regularity of service, is worth $1 per mile, per year, or $403,000,000 per annum instead of $40,300,000. There are others that claim that the service rendered by the Government is certain remuneration to the States for the use of the highways upon which the service is performed, but that service is paid for in the postage charged the patron for the service, and the patrons expects the postage

he pays to meet every expense involved in the service, including a percentage of the cost of construction and maintenance of the highways necessary to delivery. The railroads and steamboats certainly include a proportion of the cost of maintenance of equipment, roadbed, and wharves, in the amounts they demand for the carriage of mails, and the postage paid by the patron is expected to meet the tariff levied by the corporations for this service when rendered. Why should not this same charge in all equity also appear, when the service is performed over property owned and maintained by the public?

I own a motor car and pay a license fee thereon which represents not only the amount I contribute for the use of the highway, but also my proportion of the cost of police protection provided for my life and property. At no time anywhere do my fees adequately reimburse the people whose property I use, to wit, the highway. I personally believe I should pay an additional fee for the use of the highway only, based upon the number of miles I use and the load I carry in such use. This for joy riders in passenger vehicles, as I am one.

Again, when any individual, firm, or corporation uses the highway for the conduct of a commercial enterprise, hauling commodities, food stuffs, or merchandise, and either for their own accommodation or as a common carrier, such individual, firm, or corporation should be compelled to pay a fee for the use of the highway, based upon the mileage used and the value or tonnage of the vehicle and load conveyed thereon. One corporation that I know of uses the highway from Philadelphia, Pa., to New York City, N. Y., and claims to be doing an enormously profitable business. That concern does not begin to pay its fair proportion of the cost of upkeep and repair of the highways used when it only contributes the fee for the license in the States where the corporation maintains headquarters.

Senator JONES. You would not go back to the old toll gate?

Mr. BLAKSLEE. That idea would have its friends, but would also have a large number of enemies. However, it is not a toll-gate proposition, for, under the toll-gate system everybody paid a fixed tariff, usually exhorbitant in proportion to return received, for the use, of the road, and the mileage of use, or the load carried, or the remunerative business conducted, made no difference in the system of tolls collected.

I have prepared, just as a sort of a thought that I had in mind, a suggestion of a form of legislation. I do this with much hesitancy, for I do not like to suggest legislation. I am not a legislator. But yesterday one of the Senators asked me what I would suggest in the way of legislation on the subject. What I have here is tentative in the extreme, and I will read it and you may have it for what it may be worth:

And further to increase the avenues of transportation and the improvement of the national scheme of distribution of commodities, merchandise, and farm products, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated $200,000,000, to be expended in the construction and improvement of a national or Federal highway and a system of use thereof as a revenue producer, which revenue shall be used in the further construction, improvement, and use of said highway; and further, that this amount be expended under the direction of a commission to be composed of one representative of the Post Office Department, one of the Department of Agriculture, one of the War Department, one of the Department of Labor, and one of the Department of the Interior. The said members shall serve without additional compensation and shall designate the location of the proposed highway (subject to assent of several States), the type of road (only of most perma-

nent character to be considered), and shall enact such rules and regulations for the use thereof as will promote the conveyance of commodities, merchandise, and food products, and make rates or tolls on vehicles or tonnage transported as will not unduly restrict the conveyance of commodities, merchandise, and foodstuffs, but which will produce sufficient revenues (as far as practicable) to meet the cost of construction, improvement, and the organization of a system of marketing.

And provided further, that in the employment of labor used directly or indirectly in the construction of the aforesaid national or Federal road, a minimum compensation of 37½ cents per hour or $3 per day shall be paid to individuals engaged in said construction or improvement; and furthermore that eight hours shall constitute a standard day, and overtime shall be permitted only in emergency. A working day shall not include Sunday or national holidays.

I heard yesterday before this committee some discussion as to whether or not this Nolan $3 a day minimum wage bill was meritorious legislation. I want to go on record for it as an individual who is not a laborite and as one who at the same time is not an aristocratic plutocrat either, but as an individual who attempts to discover what is honesty and sincerity or facts in the operations under his control, and the Nolan bill can go through just as soon as it is ready, so far as I, as an administrative official, am concerned. The $3 a day minimum is already in operation in the mail bag and mail lock or equipment shops. Of course, we do not give a man or woman who is just newly employed in there that much, but after they have been in there five or six months and learn to know the front end of a sewing machine from the back end of it, and when they have become efficient enough to produce an average day's output, they receive $3.

I inaugurated an accurate system of costs, so we could ascertain just what was the true record of performance in the equipment shops, and the report of the superintendent that accompanied the last cost sheet may be interesting and worthy of record on this $3 a day minimum proposition.

FOURTH ASSISTANT:

In compliance with your recent request, you are advised that it appears from our records that during the last 2½ years the average salary of a shop employee has been raised about 18 per cent (including the bonus allowed by law). In other words, the average salary in September, 1918, was $1,062. The rates of increase allowed various clases of employees range all the way from 5 per cent to 60 per cent.

Women engaged on the repair of mail sacks have received an increase of approximately 25 per cent in salary, and notwithstanding this fact the total unit cost of repairs to mail sacks in September, 1918, was only $0.0773, as against $0.0850 in September, 1916.

What I mean is that I have increased the salary of the employee and reduced the cost of manufacturing and repairing the mail bags.

The men engaged on pouch repairs have been raised 22 per cent in salary and the total unit cost of pouch repairs in September, 1918, was $0.1039, as against a charge of $0.1125 in September, 1915.

The salary of persons engaged on the repair of cord fasteners has been raised 36 per cent during the period referred to, and notwithstanding this fact the total unit cost of repairs in cord fasteners in September, 1918, was $0.0068, as against $0.0090 in September, 1915.

These figures are taken from reports made by the Cost Section.

Attention is invited to the comparative statement of cost in the September, 1918, report, which also shows that whereas the average rate of pay per hour has been increased the average output per hour has likewise increased. The figures given above, however, on a comparative basis between 1915 and 1918 show a more pronounced increase in efficiency and output.

Now, Mr. Chairman, I am acquainted with two efficiency engineers, high-grade young men, one of them a graduate of Annapolis and afterwards he graduated from the Boston Institute of Technology,

and he put in three years in London and Berlin, where he took post graduate courses as a naval constructor. One of these young men told me that he had been employed to ascertain why a contractor was losing money on some heavy construction work that he was conducting near Baltimore. As an expert efficiency engineer he went there and studied the situation, and then advised the contractor: "Here, chase out this $1.50 a day labor and put in $3 or $4 a day labor," meaning dispose of cheap labor and employ skilled labor. The contractor replied: "Don't you think I am losing enough money as it is?" "Well," he answered, "You requested me to find out what is the matter and to advise you how to remedy the trouble. Now, carry out my suggestions or permit me to return home where I have important work pending." The contractor complied with what he advised, and as a result came out of that operation instead of being a loser by $50,000 was $10,000 ahead of the game.

I am strong for the employment of labor at a proper wage, and they are not asking a cent too much in this $3 a day minimum for eight hours efficient labor.

I may be overoptimistic, I may be a visionary or a Micawber, or any other of the evil things that I am compelled to accept while on my way, but whatever may be my personal deficiencies, I certainly do not expect that the success of this program will depend upon the employment of cheap or underpaid labor, and I know that when labor is properly compensated, this motor truck service I propose to establish will receive the enthusiastic and essential cooperation of the employees without which it would assuredly fail, and when labor is employed, is remunerated, is contented, and produces beneficial returns to the public in improved service, or in dollars and cents, I am entirely satisfied if it also sets an example to other employers to go and do likewise.

I do not carry my ideas on the proper compensation of labor to the point where the employees invariably get everything they ask for, as I endeavor to secure a dollar's worth of return in service, or efficiency, or output for every dollar's worth of the people's money expended, and in doing so I may, in the opinion of some employees, be considered a slave driver; but if I am ever convicted of such a charge I earnestly hope that I shall be found with a cheerful, willing bunch of loyal slaves around me.

Here is a letter that appeared in a newspaper editorial, dated St. Louis, January 9, 1919.

SOLDIER OUT OF WORK.

I am an exsoldier, having recently been discharged from the service. I am the sole support of my mother, a widow, and two sisters, and a brother. My oldest brother is in France with Gen. Pershing's men, and my other brother is ill at the hospital.

I have walked the streets of St. Louis since my return two weeks ago looking for employment, but without success. I have tried the United States Employment Service day after day with the same result.

I am a skillful chauffeur, capable of driving and repairing any make of car or truck. I need work bad, as I am without funds to assist my mother to meet the household expenses. I have no money to place an ad in the daily papers for a position, so I am writing to you hoping that you will, through the publication of this letter in your columns, be able to assist me in finding such employment as will enable me to help my mother to a decent living.

However, if you will be kind and generous enough to do this favor for me, I will ask you to withhold my name from publication, as I do not desire any unnecessary notoriety.

EXSOLDIER.

Now, I have nothing more to say. You can put that letter in the records of the Senate, and here is an answer to it. With this plan I can give him a job.

Senator KENYON. And you say 5,000 men?

Mr. BLAKESLEE. Yes; more than that, Senator, because that would only man the motor cars we would use on the highways after the program as suggested in the House of Representatives was effective. Think how many it would take to build 15,000 miles of national highways right now. Wouldn't such a road be, in fact, a memorial road. It would be a real memorial and not some useless shaft stuck up in the air which might look fine and then again might look like an artistic monstrosity. Let us construct a real memorial to our hero soldiers over there, like the memorials of Caesar and of Napoleon. One thing that Caesar really did that stands to-day to his credit was to build highways. He built the Roman road, and the one thing that Napoleon did which will remain forever as a memorial to his greatness was to construct the highways in France that saved France.

Let's go to it.

(Thereupon, at 12.30 p. m., the committee adjourned to meet at the call of the chairman.)

EMERGENCY PUBLIC WORKS BOARD.

FRIDAY, FEBRUARY 7, 1919.

UNITED STATES SENATE,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D. C.

The committee met pursuant to the call of the chairman at 10.30 o'clock a. m. in room 201, Senate Office Building, Senator Hoke Smith presiding.

Present: Senators Smith (chairman), Hollis, Kenyon, and Page.

Also present: Louis T. Jamme, of the Chicago Association of Commerce; Dr. Harold G. Moulton, Chicago, Ill.; James F. Ells, Minneapolis, Minn.; John A. Richert, chairman of the finance committee of the city council of the city of Chicago; Edmund T. Perkins, civil engineer, Chicago, Ill.; George M. Maypole, chairman of track elevation committee of the city council of Chicago, Ill.; R. A. Woodhull, chairman of harbors committee, city council, Chicago, Ill.

The committee resumed consideration of the bill (S. —).

The CHAIRMAN. The committee will be in order. We will hear Mr. Jamme first.

STATEMENT OF MR. LOUIS T. JAMME, VICE PRESIDENT CHICAGO ASSOCIATION OF COMMERCE.

Senator KENYON. Would you state your name and business and whom you represent?

Mr. JAMME. Yes; I have given that already to the reporter. Senator, our delegation represents the Chicago Association of Commerce, which, I might explain, consists of some 6,000 business concerns located in Chicago, individual business men and firms, who have given this matter of nonemployment in our district very serious consideration during a period of several months. We have felt the matter is of such great moment, that it warranted us coming to Washington and to lay before you the situation as it presents itself to us in our district and its application to the bill which is under consideration.

Senator PAGE. Is your district substantially like the other larger districts of the country, Mr. Jamme?

Mr. JAMME. Senator, I might answer that by saying that we represent primarily the city of Chicago particularly, but, of course, our membership takes in other districts——

Senator PAGE (interrupting). That is what I wanted to find out. Are your conditions there better or worse than they are in other parts of the country—do you know?

Mr. JAMME. I believe that that might be answered better by another than myself, one who is better qualified to indicate that condition, and I think that Dr. Moulton probably can touch upon that point and indicate it more clearly than I can. I may say that Chicago is the

great reservoir of labor, the greatest reservoir of labor in this country so that we have the labor conditions there probably more acute and more significant than they are in a great many other sections of the country.

Senator PAGE. That is what I wanted to bring out.

Mr. JAMME. Now, with those conditions before us, our association has felt the burden of these prospective employment conditions ahead of us, and we have felt the burden of doing something with regard to that matter; not only at the present time, immediately following the signing of the armistice, but before that we felt what was going to be the situation when the men came out of the Army and Navy and came back into the civil life, and we endeavored to foreshadow those conditions by impressing upon the members of our association that they must make every endeavor when the war had ceased, and after-war conditions began to present themselves, to keep their plants in operation, so far as possible, so as to provide for employment for the men coming back and make provision beforehand to take care of their returning employees. Following the signing of the armistice, a great number of the large manufacturing institutions in Chicago, while they did not shut down, they went on short time, and some shut down——

Senator PAGE. What class of manufacturers were they? What were they making?

Mr. JAMME. Well, there is a great variety, Senator; there we have a great variety of manufacturers, not only in the metal-working lines but in all the various products. There were products, for instance, of gas masks; we had two concerns which had tremendous orders for gas masks; we took in a variety of things. Then the metal-working lines in Chicago are of very grat variety. For instance, the Western Electric Co., employ, when they are running at full capacity, about 25,000 employees; then there is The Crane Co., and, of course, the Steel Corporation, and the various concerns of that kind, who are very large employers of labor. And they immediately felt those conditions.

Following along a few weeks, we began to see the development in Chicago of those conditions in regard to nonemployment that we had feared would take place, and we conceived it to be our duty to lay that matter before all of our various governmental bodies in Chicago. We called together at one meeting representatives of the city, of the county, of the sanitary district, and of the State, and so on, and we consulted with them. We laid before them the conditions as we saw them; we could see an increasing volume of unemployed men coming to us constantly, and the result of that meeting was a series of conferences with the officials of the city, and of the State, and of the county. Now, so far as the city is concerned, the city council appointed a committee to cooperate with us, and under a council order, and also with the committee of representatives of the county and the sanitary district, and the State, and so on, and other organizations, that is, business organizations in the city of Chicago.

Senator KENYON. You are a business men's institution, aren't you, that is, the Chicago Association of Commerce?

Mr. JAMME. Yes, we are primarily a business men's organization, but we have always cooperated very closely with the governmental bodies.

Senator KENYON. But you do not in any way represent the labor organizations?

Mr. JAMME. No, but I will say this—I am going to touch on this in a minute, but on this committee of the council there was also appointed a representative of the Chicago Federation of Labor, and also representatives of the various civic bodies who might be interested and helpful in the situation.

There is one more thing in connection therewith that I might mention, and that is that we have in Chicago and in our immediate vicinity two very large concentration camps, Camp Grant and Great Lakes, and then over in Iowa we have Camp Dodge. We have discovered that those men released from those camps pretty nearly all head right for Chicago, believing that that city is a great labor market. and that also accentuates the condition in Chicago.

Now, in taking this matter up with this committee, we have had several meetings, and we have gone carefully over the program of works which the city of Chicago has and the county of Cook has and the State of Illinois and the sanitary district, to see what their public works programs were, and to ascertain what work was coming on, that could be depended upon.

We wanted to find out what work had been delayed——

Senator KENYON (interrupting). Has that work all been delayed during the war?

Mr. JAMME. Oh, yes; a lot of that work in Chicago has been delayed in fact four years. We happen to have with us Alderman Maypole, the chairman of the track elevation committee of the city council of the city of Chicago. There have been ordinances passed and approved there for seven or eight years, but the work has not been done——

Senator KENYON. We do not care to duplicate testimony, and I will ask you if you intend to have Alderman Maypole testify? Will he give us that information, and can he give it to us better than you can?

Mr. JAMME. Yes; I would like to have him do so. He is here.

Senator KENYON. All right, we will hear from him. You may proceed.

Mr. JAMME. Now we have also with us Alderman Richert, who is the chairman of the finance committee of the city council of the city of Chicago, and he can explain the condition in connection with the city's financial program. Our purpose has been to urge every piece of public work that we can find in the city of Chicago, and to take all of the short cuts that we could in getting that work done now, and to back up our public officials in going ahead with the public work program. They hesitated, of course, naturally, as public servants, to initiate large public works at this time when the prices of material and of labor are so high. We took the position that to go ahead with that work now would be a splendid insurance against the development of a condition which might be of tremendous gravity and loss to this whole country.

It might be of interest to the committee for me to point out how some of the men's minds work on this proposition. The member of the committee, who was from the Chicago Federation of Labor, made a statement on Wednesday that he considered this whole program was for the purpose of keeping the men on the streets. We

could not discover how he could argue that fairly, that is, that to give employment at living wages would keep men in the street. Our answer to that was simply that we are business men, and as such we are interested in keeping our plants going and in keeping our stores running and in keeping the various businesses in active operation. We take the position that we are going to have inevitably in this country a desperate condition in a social and business way if we can not keep our men employed at fair living wages.

As our boys come out of the Army and out of the Navy there must be some way of providing work for those men, and we, in Chicago, are making every endeavor to do that. Our business concerns are taking those men back as they come, in every instance where they have enough business in their plants to keep those men employed. They are keeping them on, but the expectation is that this situation is going to change. There is an interim between the signing of the armistice and the change of business conditions, I mean until we can get to the normal conditions, that is going to create in this country a serious condition and a condition that we have to meet.

Senator PAGE. Are the climatic conditions adverse at this time in Chicago?

Mr. JAMME. No, on the contrary, the climatic conditions are and have been very favorable. We have had an open winter, and the conditions, so far as the climate is concerned, have been very good, and we are putting into effect every single piece of work that we possibly can.

Now, we believe that this bill, the Kenyon bill, should be put through, that is the principle of it, and we indorse the principle of it, and we believe it should be put through just as quickly as it possibly can. We, of Chicago, want to put ourselves on record to that effect as indorsing this bill, and we represent the business interests of Chicago.

Now, Mr. Chairman, in regard to the present situation, we would like very much if Dr. Moulton could develop that situation, as it appears to him.

The CHAIRMAN. We would like very much to hear from Dr. Moulton.

Senator KENYON. And we would also like to have you indicate all of the witnesses whom you will have.

Senator KENYON. You may proceed, if you wish, Dr. Moulton.

STATEMENT OF DR. HAROLD G. MOULTON.

Dr. MOULTON. I wish to make two main points, first, as to the actual present employment situation in the United States, and second, as to the program, if that situation is going to be relieved.

I take it that the committee is more or less familiar with the reports which are received weekly by the United States Employment Service. The reports for this week indicate a much greater change for the worse than have been indicated in any other week. In 69 out of 120 cities now reporting, there is shown unemployment, and it is a steadily increasing volume of unemployment that these reports represent.

Senator KENYON. I would like to have you make clear what those 69 are? Are they 69 cities in the United States?

Dr. MOULTON. There are 69 out of 120 of the larger industrial cities of the country. I may go back to show that on the 1st of December there were less than 20 cities showing unemployment; that has been rapidly increasing from 20 to 35, to 40, to 45, to 48, to 55, to 60, to 69. That is about the rate.

The CHAIRMAN. And what are they in terms of numbers? What about the numbers?

Dr. MOULTON. In terms of numbers the cities which sill show a labor shortage show a steadily decreasing labor shortage.

Senator KENYON. A decreasing labor shortage?

Dr. MOULTON. A decreasing labor shortage, and the cities which show a labor surplus show, with few exceptions, a steadily increasing labor surplus. This week's reports show 75,000 unemployed in Cleveland alone and 25,000 unemployed in Detroit. There are about 6,800 concerns that report from these 120 industrial cities, and these reports indicate this week that there are more than 300,000 men unemployed in these 120 cities.

The CHAIRMAN. How many?

Dr. MOULTON. More than 300,000.

The CHAIRMAN. In 120 cities?

Dr. MOULTON. In 120 cities. Now I think I ought to say a word here and show why I believe the situation is much worse than is indicated by these reports. The reports do not present the situation for the entire city of Chicago, for instance—that is, there are many concerns which are not reporting. It is evident from the records also that the number of unskilled workers reporting are not so large as the skilled workers. The unskilled workers have not as yet got into the habit of going to the United States Employment Service and making their wants known. I have talked with members of the United States Employment Service and there seems to be evidence that that statement is true. The United States Employment Service has only been established since last August, and as yet the unskilled workers have not gotten into the habit of going to the United States Employment Service.

With reference to the situation in Chicago, those reports still show the demand and supply in Chicago to be equal, and the alderman can tell you that there has never been for years so many requests for jobs as now. The Association of Commerce got returns from a large number of industries, and the testimony was unanimous that there are 15 to 20 to 25 to 30 applying for jobs where three months ago only one was applying. We have put this question up to a great many of the industries, and there was absolutely no evidence to show that there was an equality between the demand and the supply. The Illinois Manufacturers' Association reports that there are 75,000 unemployed men in the city of Chicago at the present time. That is the estimate that that association gives. They do not claim that it is absolutely precise, but whatever local evidence we have it indicates that there is a large and steadily increasing volume of unemployment, despite the fact that we have had very favorable weather conditions—never in years have the conditions been so favorable in that respect—and despite the fact also that Chicago has a relatively wide diversity of industrial activities, so that there are more opportunities, more diversified opportunities.

But that is the present labor situation in the United States. It has gone from bad to worse, and those returning from overseas—the return flow from overseas is just beginning, and the men are not all out of the cantonments in this country as yet, so that the increase in the total supply of labor is going to be very rapid in the next several months.

Now, on the other side of the question, is there prospect of an industrial recovery in the near future which will absorb this great surplus of labor? A good many people feel that with the opening of spring we will not have any further difficulty.

Now, I think we can get at the general business situation by recalling just briefly what happened during the war, and what were the big, significant things which created this tremendous labor shortage. Going back to 1914, this European demand for the products of American industry developed. That meant a speeding up of American industry such as it had not had in years and years and it also meant, very shortly, full employment for labor. After we entered the war and our own tremendous governmental demands developed also, that situation was still further intensified and the business output of this country was tremendous in 1918. That was a most conspicuous factor in the situation—the overwhelming demand for goods almost regardless of price. The business man was assured that so long as the war lasted he would make at least reasonable returns, and in many cases he made very large profits.

Now with the conclusion of peace practically all the forces which had been operating for three or four years and which had developed an enormous business prosperity, practically all of those forces were suddenly reversed. The enormous war demands ceased and incidentally the purchasing power of the average laboring man's family has been decreased.

A very significant thing in 1918 was the fact that the family wage of the laborer had increased much more rapidly than had the cost of living. The wife worked, and the grown daughter and the children all worked, and he was paid double rates for overtime, and as a result, in 1918 these men spent as they had never spent before. That made great prosperity in the nonessential lines. It was one of the difficult problems.

Now with the elimination of overtime pay and with the elimination of the family wage, the family buying power has been diminished, and this large and steadily increasing volume of unemployment means less wages and the men who are out of jobs can not have the same purchasing power in the market that they had before, so in addition to the decrease in the war demand, temporarily speaking at any rate, we have a decrease in the ordinary consumptive demands.

True, the well-to-do class may be expected to increase their purchases somewhat; but the necessary saving has got to take place in order to pay the taxes and to finance the next liberty loan, and that means that those who are well to do can not go on a riot of expenditures. On the other hand, the rank and file of the laboring class are finding the family wage is materially decreasing, and I am inclined to believe that there is going to be a substantial decrease in the consumption power of the American people during this half year we are now facing.

Now, with those forces at work, the business man is confronted with this problem. He is asking himself, "How am I going to keep my factory running at full capacity, when there is only a demand for the goods to keep busy 50 or 60 per cent of the present capacity?"

So this is not merely a question of high cost of material. In addition to that, they have not got a large aggregate demand for the goods and the volume of orders on the books is not sufficient to warrant them in going ahead and reemploying all of those men.

Now, on the question of the reemployment of the men, if we are going to give them all jobs in 1919, we have got to have a larger industrial output than we had in 1918, because in addition to the working force of 1918, you have got 3,600,000 men in the Army and Navy—maybe not so many as that, but say 2,000,000 men net who were in the Army in 1918. We have to replace this war demand and to increase this war demand, and the business man is up against this proposition: He is up against a proposition of very high costs due to the high wages and the high price of materials and declining prices or declining market and declining volume of sale. The overseas demand for American goods will not develop very quickly at best, and, in my judgment, there is no reason to believe that we are going to have an enormous European demand for the products of American industry, because all of those countries have the same problems that we have in this country, and in most cases they are much more serious, because their industrial reorganization to meet the needs of the war has been more serious than our own, and they can not pay, impoverished as they are, prices high enough to make it possible for American manufactures to sell their goods abroad. So it is pretty generally recognized for at least a considerable period of time we can not expect any tremendous demand from over there.

Senator KENYON. There is a gentleman here from Minneapolis who is attending the waterways conference, and if Dr. Moulton does not object, I think perhaps it would be well to give him 10 minutes now. Is that satisfactory to you, Dr. Moulton?

Dr. MOULTON. Yes, indeed. I will gladly give way.

STATEMENT OF MR. JAMES F. ELLS.

Mr. ELLS. For the past 20 months I have been the chairman of one of our draft boards and also the chairman of the joint draft boards of Minneapolis.

Senator KENYON. May I inquire your business, Mr. Ells?

Mr. ELLS. My business is that of buying and selling of industries.

About two weeks ago the mayor of Minneapolis called me into a conference and asked if I would assist in the receiving of the incoming soldiers. Prior to that he had appointed a committee of business men, called the business men's committee, to work in conjunction with the United States Employment Service in the placing of these men. We have at the present time about seven solicitors out working among the various counties soliciting positions, and we have in addition to that a corps of business men who have volunteered their services and who come down daily and sit and confer with these men who are out of positions, advising with them as to the best line

of work they might be fitted to do, and hearing their stories and working in conjunction with the placement department of the United States Labor Service. Two weeks prior to my leaving Minneapolis they placed 360 men and last week they placed 400 men.

Senator KENYON. Are these returning soldiers?

Mr. ELLS. Yes, Senator, they are the returning soldiers.

Now, we have found that there is another element working against us, and that is not only true with us, but is true everywhere and is true here in your own city. I refer to the I. W. W. It was about two weeks ago that the mayor called me in and told me that the I. W. W. expected to have a meeting, in which none but soldiers or those carrying their discharge papers would be admitted, and he asked me if I would see if we could get some soldiers up there to combat their arguments. I succeeded in getting 10 returned soldiers to go to that meeting. However, they were not able to combat their arguments very well, none of them being sufficiently strong as speakers to make very good arguments.

These members of the I. W. W. will meet the soldiers and will talk with them along these lines. They say:

> Now the United States Labor Department is not doing anything for you and the mayor has appointed a committee and that committee is not doing anything for you. Now we have organized so that we can ourselves assist you. We are going to have parties and dances and raise money in that way, and we will be in a position to assist you. Now a number of the boards are going to have meetings, but do not attend those meetings, but if you can, be on the outside to discourage any of the boys going in.

It was along that line that they talked. We find that they have their men at the depot, and as one soldier will come out of the train he will be approached and they will find out if the man is a resident of the city, and if not about how he is situated financially and if they find that he is practically down and out they will invite him up to their headquarters. They have lunches and girls to wait on them and they try in every way to impress upon the minds of these soldiers that this Government is not treating the soldier fairly, so that is one of the hard things that we are having to overcome in our city. They had a meeting there last Monday——

The CHAIRMAN (interrupting). What number of discharged soldiers are there in your city?

Mr. ELLS. We sent from Minneapolis about 18,000 men into the service. The number that has returned so far I suppose is about 15 per cent.

The CHAIRMAN. About 15 per cent of the 18,000?

Mr. ELLS. I don't know as it is that much.

Senator KENYON. What is the general labor situation there? Is there much unemployment?

Mr. ELLS. Well, it is just about the same condition, I would imagine, as prevails in Chicago. Ours is a big labor center—much more so than is St. Paul.

The CHAIRMAN. That would give you then only a little over 2,000 returning soldiers——

Mr. ELLS (interrupting). It would give us about 2,000 returning soldiers. I don't know as it is that much.

The CHAIRMAN. What proportion of that number has been promptly absorbed in the various occupations?

Mr. ELLS. I suppose about 60 per cent.

The CHAIRMAN. Has promptly gone back into work——

Mr. ELLS (interrupting). Yes, has gone back into work through the efforts of the United States Labor Department and the citizens' committee.

The CHAIRMAN. And also I suppose through their former employées.

Mr. ELLS. Yes.

The CHAIRMAN. And what proportion went back to their former employment without any need of aid at all?

Mr. ELLS. I have not those figures, Mr. Chairman, and I would not be able to tell you that.

The CHAIRMAN. Well, did not the large majority of them find that they could go back to their former work without anybody's assistance?

Mr. ELLS. No, I do not believe so.

The CHAIRMAN. Now, what was the character of the work that these men had been accustomed to do? What proportion of it was ordinary labor and what proportion specialty labor, would you say?

Mr. ELLS. Well, I would not be able to tell you that, not having, before I left, got those figures, but possibly they will be able to tell you what those conditions are in Chicago.

Senator KENYON. And all that you can give us is the general condition there?

Mr. ELLS. Yes, sir, that is all that I can give you.

Senator KENYON. And is the State trying to do something of that kind to relieve the situation?

Mr. ELLS. The mayors of the two cities have met in conference, and they are going to invite, I presume next week, all of the mayors and the presidents of the various councils of the State into Minneapolis to have a conference with the idea of their going back to do everything possible to get the men who are in the city and who are lured there by the bright lights owing to the fact that they have been in the service so long and want a little recreation, to go back to their own former service.

Senator KENYON. There is plenty of demand for farm labor, is there not?

Mr. ELLS. No, not at the present time, not in the winter season.

Senator KENYON. But that will soon be over, the winter season?

Mr. ELLS. In about three months.

Senator KENYON. In about three months?

Mr. ELLS. Yes.

Senator PAGE. Do you understand that a large percentage of the boys who are coming back now are congregating in the larger centers and the cities?

Mr. ELLS. I believe so.

The CHAIRMAN. We thank you very much, Mr. Ells.

The CHAIRMAN. You may proceed now, if you will, Dr. Moulton.

STATEMENT OF MR. HAROLD G. MOULTON—Resumed.

Dr. MOULTON. In brief, Mr. Chairman, we think that the conclusion is perfectly inevitable that there is going to be a period of a good many months—nobody can say how long—before there will be an industrial resumption, because of the facts as I have enumerated them here, before we can take care of the present working force plus

the returning soldiers. It is true that some of the soldiers will get back their old jobs, but that means merely a displacement of others who have been working, and it creates an employment problem without the solution of another.

Now, just a few words with reference to the public works. We believe that public works will do two things: In the first place, it will give employment to a large number of men; in the second place—and I think this is much more important—indirectly it will do more than any one single factor to help start the wheels of industry everywhere. It will develop at once a demand for iron and steel and cement and gravel and building materials generally. Those industries which are now stagnant can employ considerable numbers of men. Then these people who are employed on the public works will have money and can go into the markets and buy the articles they need and will start consumption, and those who have gone into the industrial pursuits will have wages to go into the market and buy goods. You can not get the full employment in the various industrial pursuits so long as the employers do not see the orders for the produce. In other words, the industry can not be prosperous unless labor has employment.

Senator PAGE. You speak of public works; you know that we have in the last three days voted for some very liberal appropriations for highways. Do you understand that you can utilize this highway situation and find employment for men there which will relieve this unemployed condition?

Dr. MOULTON. Well, so far as unskilled labor is concerned, you can give them a good deal of employment.

Senator PAGE. And will that be a matter of some time in the future or at the present time?

Dr. MOULTON. Well, in a good many portions of the country it could be done at once. In the northern States, if we should have a late spring it would delay us some, but I think I am correct in saying that there is no reason why we should not do road work in Illinois, is there, Mr. Jamme?

Mr. JAMME. I will say, Mr. Chairman and Senators, that I have had a conference with the State highways commission on that subject, and we have started a program for several miles of highway in our vicinity, and the Cook County commissioners have released approximately a million dollars of that work.

Senator PAGE. What per diem are they receiving or will they receive for that work?

Mr. JAMME. I do not know, I am sure. I understand that four dollars is the minimum?

Senator PAGE. And will that price be satisfactory to the laboring men?

Mr. JAMME. Yes; that is the union scale, and it is reported——

The CHAIRMAN. Do you mean to say that ordinary day labor gets $4 a day?

Mr. JAMME. Yes, sir; that is the union scale.

Mr. WOODHULL. The minimum in the city of Chicago is $4.10 a day.

The CHAIRMAN. And do you mean to say that they are not willing to work for less than that?

Mr. WOODHULL. That is the minimum scale.

The CHAIRMAN. And have you considered the question at all as to whether the industries can carry on and can be conducted on that price for ordinary unskilled labor?

Dr. MOULTON. No, I think Mr. Jamme could speak better than I can upon that point.

Mr. JAMME. Well, Mr. Chairman, that is a question which we have not discussed among ourselves, the question of the wage scale. That has not been developed with us to any extent at the present time. Of course there is a wide difference of opinion on that, but the trend of wages is——

The CHAIRMAN (interrupting). Among other things involved in determining the wage scales will be, of course, the cost of living, and one of the problems will be our determination with reference to wheat, whether we shall put an embargo on foreign wheat, and stand the loss of a few million dollars. Is this governmental action necessary, this action which would affect the situation all the way through; for if a man has to pay twice as much for what he has to eat, he has got to be paid twice as much for his work——

Mr. JAMME. Well, Mr. Chairman, we have felt ourselves absolutely at a loss to know how to look at that situation.

The CHAIRMAN. No doubt any number of people will be affected by a national policy of that kind in the matter of bringing down the price to consumers. If we say that we will put an embargo on all importation of wheat into the United States and keep the price of wheat up, that will keep the cost of living up and then the cost of living would affect all lines of industry; if, on the other hand, we would say that the people shall have their bread just as cheaply as they can get it from all of the markets of the world, and if there is a loss we all stand it as a national loss, we will give a chance for all things to become normal. Which, in your opinion, is the wise course to pursue?

Mr. JAMME. Speaking individually, just as an individual, and not representing our association which, mark you, includes in its membership very nearly every firm on the Chicago Board of Trade, I will say that I heartily agree with that line of reasoning. It seems to me that if we attempt to interfere with the normal movement of our food products and the normal movement of prices, we are going to create conditions in this country which we will have an awful time to straighten up.

The CHAIRMAN. You would force the cost of production to an impossible point of consumption?

Mr. JAMME. Yes, sir. If you go up with one you go up with the other.

Dr. MOULTON. I have only one thing to say in conclusion: Nobody, I think, can say in view of the facts of the present situation, and in view of the forces now at work, that there is plenty of employment provided they are willing to take it at a reasonable wage. There are not enough jobs——

Senator KENYON (interrupting). That is an argument that I have heard against this bill—that there is plenty of work.

Dr. MOULTON. That is not true.

The CHAIRMAN. And they must have good living wages until the cost of living becomes more reasonable.

Dr. MOULTON. There are not enough jobs for everybody at any wages at the present time. As the cost of living goes down, and

speaking now as an individual, I should say by all means that we ought to have a reduction in the wage rates, because that will operate to restore the general normal conditions, but it is more or less idle for us to talk about a serious reduction in the rate of wages immediately as a means of solving this problem, because the unions are not going to stand for it until the cost of living comes down.

The CHAIRMAN. But suppose that they could not get employment? Would they be justified in not doing anything rather than to take what industries could stand?

Dr. MOULTON. I am inclined to believe that, in view of the degree of organization there is in labor at the present time, and in view of the general social temper of the world of the laboring classes in Europe and in this country—

The CHAIRMAN (interrupting). You do not mean to put our laboring people in this country in the same class as the laboring people of Europe——

Dr. MOULTON. No, but at the same time I think that we may as well face the fact that there is a very, very powerful labor movement which will resist any serious reduction. Understand me, please, that I am not defending that. I am not a student of the labor problem but am a student of the general industrial problem, and that is a fact that we have to recognize, and the thing that we are standing for is to make jobs enough for everybody and give everybody an opportunity to support himself and his family.

Senator. KENYON. And do you think that there is a necessity for doing something by the present Congress?

Dr. MOULTON. Absolutely. There is no possible way out of the difficulty so far as I can see during this interval.

Senator KENYON. And is the situation such that it demands some immediate action?

Dr. MOULTON. Yes, it demands some immediate action, and just as immediate as we can get it. Of course, I recognize the delays that are inevitable. But we are going out to do all that we can to relieve the situation. We are not coming down here with an idea that we are going to dodge anything or with the idea of passing the buck, but we are going to see to it that we will do all we can, and we want to coordinate in our activities with those of the Nation as a whole.

Senator PAGE. Now, Dr. Moulton, will you concentrate your thought upon the particular thought, what are we going to do? You say that something must be done, and the question is what could be done.

Dr. MOULTON. We must put through all necessary well-considered public works of this country as a means of immediately taking up the slack in the labor movement, and, secondly, as a means of stimulating general industry.

The CHAIRMAN. But only the unskilled labor will engage in that work to any considerable extent.

Dr. MOULTON. Yes; however, it is not merely unskilled work, and I think that one of our representatives from Chicago, Mr. Perkins, who is an engineer, can say something of interest to the committee with reference to this work and engineering, and there are other questions which he can discuss. I would like to have you hear from Mr. Richert, the chairman of the finance committee of the city council of Chicago.

The CHAIRMAN. Very well. Proceed.

STATEMENT OF JOHN A. RICHERT, CHAIRMAN OF THE FINANCE COMMITTEE OF THE CITY COUNCIL OF CHICAGO.

Senator PAGE. You are the chairman of the finance committee of the City Council of Chicago?

Mr. RICHERT. Yes.

Senator PAGE. You are an alderman of the city of Chicago?

Mr. RICHERT. Yes, I preside over the finances of the city. We received an appeal from Secretary Wilson regarding public works and we immediately proceeded to formulate plans for 1919 with the available funds we had at hand. We find, however, that the work that this involves that 75 per cent of it is through the steel mills, For instance, in our program we have $3,000,000 to dispense in 1919 for bridge work, and 75 per cent of that work is through the steel mills. That, as you all know, that market is outside of the city limits, so that it does not materially help the labor situation in our own town. However, 25 per cent of it is divided between labor, that is, common labor and skilled labor, which would relieve the situation to that extent, but the great number of improvements that Chicago is contemplating—and I may say we have been working on them many years—have been stopped by the war conditions and it involves legislation which will take some time to bring about.

Chicago, as you all know, has a very small per capita debt, owing to the constitutional provisions of the State and other conditions that surround Chicago, and our per capita debt is less than in the other cities because of the constitutional limitations of the State of Illinois.

Senator PAGE. What is your limit, 5 per cent?

Mr. RICHERT. Our limit is 5 per cent, yes. In other words, to-day Chicago with all its great public activities only has $50,000,000 of indebtedness as compared with New York's $1,000,000,000 on account of the restrictions put upon our activities by law. The restrictions can not be removed immediately.

Senator PAGE. And what margin have you left?

Mr. RICHERT. We have no more margin; we have reached the limit. $50,000,000 is the limit, and we have used that up.

The CHAIRMAN. And as the limit moves up you use it——

Mr. RICHERT (interrupting).—We must, Mr. Chairman, on account of the great demands made on the public works. Chicago is in this position; we believe in this bill not only for itself but for other cities which are in the same condition. Public works are demanded, but we have these restrictions. Chicago is fortunate in not having a great debt upon its tax-payers as compared with New York, but we believe that in supporting a bill of this kind we would in a great measure help many cities which are similarly situated.

Senator KENYON. Would it be possible for Chicago to borrow money from the Government to be used in public works, as this bill provides?

Mr. RICHERT. I doubt it.

The CHAIRMAN. You are at the constitutional limit of your debt?

Mr. RICHERT. Yes, sir.

The CHAIRMAN. And you can not incur a temporary debt for an emergency?

Mr. RICHERT. Not unless the United States Government can overcome that proposition; I am not a lawyer, and I do not know.

The CHAIRMAN. This is a charter provision, or a State constitutional limit of indebtedness, based on the assets, is it not?

Mr. RICHERT. Yes, sir; and Chicago, in round figures, the value of its property is $3,000,000,000, and our debt limit is 5 per cent on one-fifth of that, which makes it fifty millions.

The CHAIRMAN. So that you are in a position that you can not put out any more money for public works?

Mr. RICHERT. No, sir; we can not. We are tied down by these restrictions. We are employing about 19,000 employees, all told.

Senator KENYON. The city employs about 19,000, do you say?

Mr. RICHERT. Yes, sir. Now, you have asked about the question of wages. I come in contact with the labor leaders of Chicago who control the question of salaries, and invariably it is told me, during the past three months, that the present scale of wages as now existing, that we claim are high wages, can not be high, for the cost of living is high; consequently they are not going to submit to a reduction of wages, not even if there is a reduction of cost of living, if such a reduction comes about, because then it can only be said that the wages are reasonable, even providing the cost of living decreases, and now they claim that the conditions existing at the present time are no better than they were four years ago, because the living was lower and the salaries were lower; but they are told from all sides that the wage scale is high, and it is not because of the fact that the cost of living is higher, and they represent the entire labor activities of Chicago, for 99 per cent of all the employees in the city employ are unionists, including the clerical forces.

The CHAIRMAN. Do you think that they would demand the same scale of pay if the price of bread, for instance, was half as much as it is now?

Mr. RICHERT. That is the stand that they take.

The CHAIRMAN. But if bread came down 50 per cent and other foodstuffs came down in the same proportion, do you think that there would be any willingness on the part of organized labor to recognize the decrease in the cost of living and reduce the price of labor to that extent?

Mr. RICHERT. No, sir, there would not. There would not be that willingness to reduce the price of labor, and they only made that statement a few days ago because they believe that the cost of living is such there that it takes all the earning capacity of the laborer, and that the laborer can not lay aside any money for the future, and the result, from their standpoint, is that they must get a greater wage than the cost of living, so that they can lay aside a few dollars, and they can not do it now. That is the problem that we are confronted with.

Senator HOLLIS. And does that attitude on the part of labor commend itself to your judgment?

Mr. RICHERT. From my experience, and I have been in the financial end of the city government for 15 years, and from my experience I have always found that when they were able to put a few cents aside after paying a living cost, that it was a great help to a large city like Chicago, and that it meant satisfaction among the laboring element, and that the strikes were eliminated altogether.

Senator KENYON. And do you think that labor has a different view of its rights since the war?

Mr. RICHERT. I know that every leader of the labor party that has been before me or before my committee has made the statement that they demand this recognition because they believe that this war was carried on for the rights of democracy, and they believe that that harmonizes with what they are looking for, that there is a possibility to get recognition, and they demand that recognition. I want to say from my experience, that my experience has been that their entire attitude leans that way. They are not in a mood to sanction any decrease in wages at this time.

Senator KENYON. Have you very much unemployment in Chicago at the present time?

Mr. RICHERT. Well, there is a peculiar condition in Chicago. Chicago, as you all know, is a city governed by a board of aldermen, and it seems that all the troubles occurring in the locality in which the individual alderman resides, are carried to the alderman. The result is that he has many applications for positions. I can say from experience, and I also speak for aldermen whom I have talked with recently, that there have been greater demands for work of the aldermen within the last few weeks than there had been during the entire year of 1918. Speaking for myself, I know that that is absolutely the case. I have had soldiers come to me looking for work. The city of Chicago, however, has put back every soldier that is coming back in the position that he occupied prior to entering the Army or the Navy, but the individuals who have taken their places are out of jobs. With a few exceptions that is the case. Those individuals are out on the street looking for work. Many of them are girls, stenographers and bookkeepers, who had been in the places of the men, and many of the young men who were not qualified for Army and Navy service are now out of a job.

The CHAIRMAN. And did those who are now out of jobs have jobs before the war began?

Mr. RICHERT. They were employed in one place or another, and perhaps the salary scale of wages paid for clerks appealed to them; that is, the salary scale paid by the city.

Senator KENYON. Has there been any closing down of the industries in Chicago recently?

Mr. RICHERT. They have not closed down entirely, but they have decreased their output and decreased their activities.

The CHAIRMAN. Why have they decreased their activities, Mr. Richert?

Mr. RICHERT. Because of the reduced demand for the various articles of manufacture.

The CHAIRMAN. And because also of the fact that the cost of production exceeded the selling price of the commodity?

Mr. RICHERT. Perhaps that is another element; yes, sir.

Senator KENYON. Has the building stopped in Chicago at all?

Mr. RICHERT. Yes, sir; to a great extent.

Senator KENYON. To what extent, can you tell us?

Mr. RICHERT. The building in Chicago has decreased to such an extent that our building department is now one-fifth of what it was in 1917.

Senator KENYON. And would that indicate that the building activities in Chicago have been cut down in that proportion?

Mr. RICHERT. Yes, sir; absolutely it has been cut down. Here is a good illustration of that and the effect it has had in Chicago: Our revenue from that—each man that makes application for a building pays a small permit fee, and that revenue has been reduced from two hundred and some odd thousand dollars in one year down to $42,000.

Senator KENYON. And is there any indication of that reviving now?

Mr. RICHERT. Not yet; and the building architects who examine the plans of structures to be built tell me that they are not increasing in number or in value.

Senator KENYON. And do you think that if some one would lead the way; that is, if the Government would lead the way, that it would have a good effect on the building?

Mr. RICHERT. They are just waiting for some one to do something, but who that some one is I have been unable to find. Our municipality is not able to do it because of the restrictions, as I have told you, and the business men will not go on unless there is some one to take the lead, and we think the Government ought to take the initial step and push the industries along in that way.

Senator KENYON. And if somebody took the initial step, they will go on you think? What will happen if the Government should take the initial step, in your opinion?

Mr. RICHERT. Why, if the Government will take the initial step it will be an incentive for legislative bodies to overlook some technicalities.

Senator KENYON. And will it be an incentive for the business men themselves to go ahead with the building and with their industries?

Mr. RICHERT. My experience has been this, that during the war activities there had been so many buildings put up prior to 1918 that the building situation is such that vacancies are going to occur, and that will depreciate the construction of buildings for manufacturing purposes.

Dr. MOULTON. May I say a word in regard to this subject of new buildings? The factories at the present time find that they can not operate at full capacity. Now, if you were a business man contemplating putting up a steel plant, we will say, would you be likely to go ahead quite regardless of the cost so long as there is not an individual—so long as there is not enough demand to take the output?

The CHAIRMAN. That is a very similar proposition which occurs to each of us. A man would not put up a new plant and go into the production of a thing where the plants already in existence were not able to find markets for their production, and also if they can not put it up on an economical basis——

Mr. RICHERT (interrupting). Here is another difficulty in Chicago, and it is a condition that we must face. One-third of the entire city revenue is lost to the city after July 1. The only recourse we have is that of taxation, and we can not get the taxes increased without legislative action.

The CHAIRMAN. Is there not a representative of the chamber of commerce here?

Senator KENYON. Yes; he spoke before you came in.

Dr. MOULTON. There is one point that you brought up which has, to me, a great significance. We find it of great significance in the building situation. In Chicago, as I presume in a great many cities of the West, there is a very active demand for housing facilities. I have not seen anything like it for a long time. Now, the factory situation is somewhat of a paradox in this respect; we have a good many factories developed during the war to meet the war conditions, and we anticipated that there was going to be an enormous amount of factory space coming on the market after the war ceased. The contrary is exactly the case. I have not seen a more active demand for factory space than we have now. There is a tremendous volume of building in that district which seems to be ready to start, and we are trying to get it started.

The CHAIRMAN. Do you say that there is a tremendous demand for factory space?

Dr. MOULTON. Yes, sir; but not the large factories, but small ones. During the three years preceding there was very little factory construction of the smaller type. The manufacturer was holding back. Maybe he was classed as a nonessential. This nonessential restriction interfered tremendously with him, and all of those plants are coming to the front and they are seeking for plants or are, in many cases, starting to build factories. And that is a very small part of what should take place. Now, the housing situation is very much the same, and we have felt the need of something to push this on. If we can start that in some way it will help immensely, but we have not been able to develop the means. If the Government leads the way, the municipalities and the States will surely follow.

The CHAIRMAN. Have you indicated the amount of governmental work that you think in your section would promote the restoration of normal activities?

Dr. MOULTON. I have not. But the thing in Chicago and in our immediate vicinity which would help us more than anything, is not distinctly a Government development, but it is our railroad development there. We are in tremendous need for track elevation. I would like to have Alderman Maypole explain that program to you.

There is one more point. There are two reasons, which are prominent ones in Chicago, why we are in a state of stagnation so far as manufacturing is concerned. A great many of our plants were contractors on Government contracts, and there is a vast amount of working capital in Chicago, which is being held up on account of the conditions prevailing. Secondly, we manufacture in Chicago a very large volume of railroad supplies. I found five foundries closed down, and I found that those people worked primarily on railroad and incidental supplies. That is affecting us very much. The railroads are not in the market for the products to the same extent as they were before. Mr. Perkins is here, and he is an engineer, and I would like very much if you can give him a few minutes to explain the situation, and also Alderman Maypole.

The CHAIRMAN. We shall be very glad to hear from Mr. Perkins.

STATEMENT OF MR. EDMUND T. PERKINS.

Mr. PERKINS. I am a consulting and civil engineer and I feel as an engineer I have good opportunity of finding out the conditions of unemployment——

The CHAIRMAN. What concern are you connected with, Mr. Perkins?

Mr. PERKINS. The Edmund T. Perkins Engineering Co.

The CHAIRMAN. Of Chicago?

Mr. PERKINS. Yes, sir.

The various engineering societies throughout the country are maintaining employment agencies for their men, and we find that they are overwhelmed with applications for engineers of every character, mechanical, electrical, mining engineers, and others, and to my own office in Chicago there come from three to five men a day who have been in the Army or the Navy, and they say that they gave up salaries of some size or businesses of some size to go into the Government work, and their families have spent their savings and now they are without work. So I feel that there is a very imminent necessity for work being given to these men. I have here a list which has been prepared by Mr. W. W. Deberard showing the work about Chicago that was not carried on mainly on account of the war. There are several items in this list where the contracts had been prepared and bids received, and they only wanted to get the money from the Capital Issues Committee in order to go ahead. It amounts to $104,175,000 of deferred work.

Senator KENYON. Is it all public work?

Mr. PERKINS. It is public and private work, and it takes in all classes of labor, skilled as well as the unskilled. The electricians would be largely employed and the mechanical engineers, and the men for setting the machinery would be employed, and in the private work, the work that has been mentioned here is the new Union Station, for which approximately $10,000,000 is needed, the Chicago & North Western Railway freight terminal, for which $600,000 is needed; other railroad construction of $1,000,000; four hotel additions amounting to $20,000,000; one new hotel amounting to $3,000,000; three hospitals amounting to $2,500,000; a large office building amounting to $5,000,000; a library building and churches and 198 miscellaneous industrial jobs and hospitals, and so forth, so that every class of labor is waiting I believe for these jobs, and it is my feeling, as expressed by these other gentlemen, that we need someone to start the work. I find that if my business is good and the construction is going on, that the other engineers about me will find that their business will also be good. The result of activity in building or of mechanical work of that kind seems to be progressive, and that is why, as an engineer, I feel that there is a situation which needs relief, and if one once begins this work, why the private capital will come in and take up its share of the burden also.

Senator KENYON. Is that all, Mr. Perkins?

Mr. PERKINS. Yes, sir.

The CHAIRMAN. We thank you very much, Mr. Perkins.

Senator KENYON. Are you connected with the National Chamber of Commerce, Dr. Moulton?

Dr. MOULTON. We are a member of the Chamber of Commerce of the United States; yes, sir.

The CHAIRMAN. And you are a representative of Chicago and a member of the National Chamber of Commerce?

Dr. MOULTON. Yes, sir. I may ask that we have the privilege of presenting one more witness, and I would like to present a resolution which our executive committee passed with regard to this bill under consideration:

Resolved That the association approve in principle the immediate provision for a commission to coordinate and forward measures and policies for the speedy prosecution of Federal and State public improvements.

That pertained to the Kenyon bill, which we desire to approve of in principle. Of course we are not fully acquainted with the details of the bill and are not attempting to discuss the details of the bill, but we believe that the principle is correct and should be supported.

The CHAIRMAN. That is a resolution of your executive committee?

Dr. MOULTON. Yes, sir.

The CHAIRMAN. Now we will hear Mr. Maypole.

STATEMENT OF MR. GEORGE M. MAYPOLE, CHAIRMAN OF TRACK ELEVATION COMMITTEE, CITY COUNCIL OF CHICAGO.

Mr. MAYPOLE. Gentlemen, Chicago's efforts in the past to bring about track-elevation work have been actuated primarily to protect the lives of the people of Chicago, always having that in mind, and we have urged the railroad companies by the passage of ordinances to elevate their tracks. For the past four years little, if anything, has been done to elevate the tracks in the city of Chicago. Various reasons have been advanced for this, and they are good reasons——

Senator HOLLIS. And this refers to the railroad tracks in the city of Chicago, does it not?

Mr. MAYPOLE. Yes, sir; to the railroad tracks.

Senator HOLLIS. Entering the city?

Mr. MAYPOLE. Yes, sir. As I was saying various reasons have been advanced, and they have been good ones. Prior to the time that the Federal Government took over the railroads the railroad companies came forward with objections which our committee thought reasonable, and from time to time extensions of time were granted to them to complete that work. After the Government took hold of the railroads we were confronted with this situation: The railroad companies were absolutely forbidden to do any track elevation work, for the reason that they had nothing to do with the conduct of the Government's business, and all activities of that character, of course, were stopped.

We believe that we have been reasonable in our dealings with the Government in not urging the work to go on. So that you will understand about how much work has been done in Chicago I will state that the track elevation program in the past amounted to about $5,000,000 or more a year. Since 1914 practically no track elevation work has been done in Chicago, notwithstanding the fact that we have about nine railroad companies under contract with the city of Chicago for track-elevation work, work which amounts to $24,000,000. These figures were given to us by the railroad corporations at a time when this fresh activity started. Owing to that fact, that no work has been done since 1914 in track elevation, we believe that that is a great field at the present time for work of that character, which would furnish work to both skilled and unskilled labor.

The CHAIRMAN. Do you think that this pertains to this bill in any way? You do not expect the Government to elevate those tracks, at Government expense while the private corporations still own them?

Mr. MAYPOLE. No, I do not; but the only way that we can get relief is through the Federal Government for the reason that we were just recently told by Mr. Aishton, who is the regional director of railroads in the Chicago district, that so far as the Government itself was concerned, the ban which they had placed against track-elevation work at Chicago had been lifted and that the railroad corporations were now free to do a reasonable amount of work, provided that they did the work themselves and received the money from the corporations; that is, the various corporations affected by this work, and we find that they have not the money to go ahead and do the work with, and the only relief that we can get is to have the Government in some way finance the track-elevation work. There is another instance where the railroad companies have been affected, and that is, I believe some time ago $5,000,000 was advanced by the Government to the railroad companies for the erection of the Union Depot terminal. While I do not believe that this problem of the track elevation committee has any bearing upon this particular bill, it was mentioned here to-day, and hence my statement in connection with it. I believe that this committee might be able to urge the Railroad Administration to look into this matter in the city of Chicago by reason of the fact that nothing has been done since 1914 in this matter of track elevation, and that very dangerous conditions exist in Chicago because of the grade crossings and the additional fact that this opens up a source for the employment of a great amount of skilled and unskilled labor that might well be taken into consideration; I do not believe there is anything further which can be said about the track elevation situation in Chicago.

Senator HOLLIS. What is holding up the completion of the union station?

Mr. MAYPOLE. Well, heretofore it was because of the Government's attitude in not wanting work of that character to go on. Only recently they had the assurance that the moneys are now available, $5,000,000 of it, to be furnished by the Government, and the companies affected to furnish $2,500,000.

The CHAIRMAN. Did the labor troubles have anything to do with the holding up of your depot construction?

Dr. MOULTON. So far as I know, that had nothing at all to do with it.

The CHAIRMAN. What is your business, Dr. Moulton?

Dr. MOULTON. I am in the industrial real estate business; that is primarily my business; I am vice president of the Chicago Association of Commerce.

The CHAIRMAN. And you are not personally engaged in the manufacturing business?

Dr. MOULTON. No, sir.

The CHAIRMAN. What I wanted to ask was, whether the city of Chicago, with the ordinary labor wage scale based upon a price of $4 a day for unskilled labor, and skilled labor, I suppose, in the same proportion, whether it is practicable to conduct your manufacturing plants with that scale and to pay expenses?

Dr. MOULTON. It depends, Senator, upon the future trend of prices. If our people could manufacture the goods and put the goods on their shelves with a certainty that they would get good prices for them, that those prices would be maintained, it would be the thing to do.

The CHAIRMAN. And what about the prices that were paid for those commodities in 1912 and 1913, prior to the European war?

Dr. MOULTON. Of course the prices were very much lower than they are now, and they could not operate upon a basis of that kind with any profit at all.

The CHAIRMAN. They could not operate on the basis of payment to labor at the scale indicated unless the artificial prices incident to the war were maintained as to the manufactured product.

Dr. MOULTON. Well, that is a question that I am not in a position to answer satisfactorily because it involves so many features that I would not like to make an answer to that, and if I did make an answer to that it might possibly be misleading.

The CHAIRMAN. Mr. Woodhull, will you proceed now.

STATEMENT OF MR. R. A. WOODHULL, CHAIRMAN OF HARBORS COMMITTEE, CITY COUNCIL OF CHICAGO.

Mr. WOODHULL. There is just one thought that came to me in this discussion. Alderman Richert, in stating that in his discussion of the general situation with men who had to do with organized labor in the city of Chicago, states that their disposition was clearly set forth, that they did not consider the wages high, at the same time considering the cost of living, and for the information only of this committee I want to say that in listening to one of the leaders of organized labor in Chicago, he said if the committee appointed by the city council, he made this statement to them, which portrays in a way the psychology of the situation as viewed by some at least, that at the present time the surplus of labor was largely fictitious; that it really did not exist; that it really should not exist, except for the fact that there was a tendency on the part of those who employed labor to postpone and put off certain activities in connection with business, hoping that with a surplus of labor labor would become cheaper.

In other words, the manufacturer did not want to put goods into his warehouse or on his shelves and bring his supply of goods back to the normal conditions for fear that if he did it with the markets for raw material and labor as they are at present, that he would be caught with high-priced merchandise when labor became plenty and the materials went down, and, after all, labor is the gauge of all materials, and the thought that presented itself to me was this: It is a difficult thing to analyze accurately and with any great degree of certainty the exact situation relative to labor, because of the trend of events in the labor world; you have got a psychology there that has to be treated with; you have got to consider the frame of mind of the mass of the people or of the workmen, who are, after all, the mass of the people; and there is the attitude that they have gone through a war with which they have had much to do; that the mass of the people fought the war, and without the mass of the people—that the mass of the people were called upon to win the war, and that there was a dawn of a new era, and with much better conditions, and there was a reluctance on the part of them to release any advantage that

they may have gained during the duration of the war. Now you have the psychology of the man who employs the labor to treat with. If there was a stimulation of public works so that no surplus of labor became apparent, the man who is laying back waiting for labor to become cheap might recognize that that time was indefinite as to be not worthy of his further consideration.

Now, there is the question of consumption; it is not a question of lack of labor, but lack of consumption, and consumption is only created by plenty of labor.

The CHAIRMAN. And it is increased by a reasonable price of the same?

Mr. WOODHULL. Yes; all of which goes to the cost of material, as the cost of material is based on labor.

The CHAIRMAN. And with the increasing cost of commodities, the whole tendency is to decrease the amount of consumption.

Mr. WOODHULL. Exactly; and the decrease of consumption is only brought about by conditions of labor, because it has been demonstrated that the cost of commodities made very little difference in the consumption provided the men had the money to buy the commodities with.

Now, with large numbers of men unemployed, it becomes apparent to the manufacturer and to the average man who employs labor that there must be a decline in the price of labor; and therefore he is inclined to postpone and put off and is reluctant to speed up his industry because he is afraid to go into a market with high-priced goods; and with the surplus of labor absorbed as it comes back, it is not going to be apparent to anybody that there is going to be much of a decline in labor. Therefore the mental condition of the men employing labor is minimized by the uncertainty of when he can get cheap labor.

Tne CHAIRMAN. And do you believe that it is possible to continue industry upon the basis of $4 a day for entirely unskilled labor?

Mr. WOODHULL. That is something that I can not pass upon. I will say this—I do believe this—that we have a situation in this country to-day unlike any situation that ever confronted us relative to labor, and you have got a psychology of the mass of the people unlike any you have ever had, and there is a question to what extent or how soon or what will be necessary before that psychology will change, and until it does change you will not have any cheap labor.

Senator KENYON. What is the situation in Chicago as to the unemployment of labor?

Mr. WOODHULL. The unemployment of labor is increasing.

The CHAIRMAN. But you do not believe, do you, that the Government should take the funds of all the people and furnish occupation to men who will not take occupation at the prices based upon what the products are worth?

Mr. WOODHULL. I am not in a position to analyze that situation, but I believe that the Government should recognize the situation that confronts us to-day in regard to employment, with a great degree of interest, which you no doubt will do, and that you manifest that interest by legislation that is going to do, with other things, that will go for the continued operation of successful——

The CHAIRMAN (interrupting). But if you maintain $4 a day for entirely unskilled labor, then the cost of production of all foodstuffs

must be recognized, for it is only fair for farm labor to be recognized, and it is entitled to compensation, and if that is recognized, your foodstuffs could never get down below their present prices. Really, with that estimate of the value of unskilled labor, it is doubtful if the farmer can produce to-day the foodstuffs at the present prices——

Mr. WOODHULL. What would you say was the gauge of the price of foodstuffs?

The CHAIRMAN. $2.20 for wheat——

Mr. WOODHULL (interrupting). No, I do not mean that.

The point I wanted to make is this: was it figuring a return, of course, on the value of the land? We always thought that supply and demand largely had to do with that——

The CHAIRMAN (interrupting). But you are objecting to any application of the law of supply and demand to labor?

Mr. WOODHULL. No, I am not, but I am simply calling the attention of the committee to the fact that the psychological phase of the question must be treated with. I think it is largely in the minds of all—it is the psychological condition—the employers are anticipating a low labor market and are——

The CHAIRMAN. (interrupting). Is it that, or is it that he feels that he can not travel at the present time with the price of labor as it is?

Mr. WOODHULL. Well, one means the other.

The CHAIRMAN. Your suggestion was that he was looking for cheaper labor, which might be due solely to his desire to make more profit. I will say that I have not any sympathy in any effort to swell a profit beyond what is a fair profit, but it has occurred to me that, perhaps, the fact was that he was afraid to go on because he was afraid of such depreciation in the price of his product that he would not have any profit at all.

Mr. WOODHULL. That is my view of it. He is afraid of being caught with a large stock of high-priced goods, and he would have to go into the market with those high-priced goods——

The CHAIRMAN (interrupting). He would have to go into a market with goods that would not sell for what they cost him to manufacture.

Mr. WOODHULL. Yes, sir. And if labor is going to decline and decline rapidly, that would be the situation that he feared.

The CHAIRMAN. What was the average price of unskilled labor in Chicago in 1913?

Mr. WOODHULL. $2.75 a day.

The CHAIRMAN. $2.75 a day?

Mr. WOODHULL. Yes, sir.

The CHAIRMAN. So that the increase is not 100 per cent?

Mr. WOODHULL. No, sir.

Senator KENYON. So that the increase hardly keeps pace with the increased cost of living?

The CHAIRMAN. And this unskilled labor in the City of Chicago was, therefore, very much higher than it was throughout the country. I suppose that that would be due to the cost of living in Chicago, because of the increased cost of rent and rooms and so on.

Mr. WOODHILL. I do not know about that. I know that there are farmers who paid $40 a month and board in 1914—$40 a month and board and all the living expenses. I question whether a man who worked at $2.75 a day was doing so well.

The CHAIRMAN. But they did get $2.75 a day and that was a pre-war price, and four dollars a day, the war price, would be only $1.25 a day more, or considerably less than a 50 per cent increase?

Mr. WOODHULL. That perhaps could be explained from the fact that unskilled labor was not at that time organized. The unskilled labor was not organized at that time, and perhaps that would have made a difference.

Dr. MOULTON. We have taken all of the time of the committee that we desired this morning, and we thank you very much for the opportunity to present our views on this situation.

Senator HOLLIS. Now, in Chicago, in order to undertake new public works, you have to have certain legislation. Do you think that legislative action here in Washington by the Federal Government might make it easier to get the State legislation that you require?

Dr. MOULTON. I discussed that in Springfield the other day, and I got considerable encouragement along that line. There is another situation in Chicago which the business men are going to try to assist the city government with. As Alderman Richert states, there is a constitutional limitation upon the bonded indebtedness which is ridiculously small compared with the financial needs of the city, and we propose, if we can carry it through, to very materially lncrease that. All of our bonded propositions are submitted to the people for a referendum vote, and the people have it within their power to pass upon the different propositions, and we hope to correct that situation. Have I answered your question?

Senator HOLLIS. Yes, sir.

Senator KENYON. We are very much obliged to you for coming here.

Dr. MOULTON. We are very much indebted to you, sir.

(Thereupon, at 12.30 o'clock p. m., the committee adjourned to meet at the call of the chairman).

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